FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Lebanon leader agrees accord

Franjieh, Lebanon's head of state, has agreed essentials of a peace worked out between Assad of Syria and representatives in

ared last night that Franjieh had approved Palestinian draft for with one important —insistence on the ce-keeping force, not serving, but also inter- ainst violators of a

servation should not obstacle, however. is provided for in the ck Page. Beirut evacu- 5

Kenya Uganda

erday issued Uganda f tough conditions for normal of its rela- President Amin's said also that it was accept mediation by isation of African any nation ready to conditions include nt for goods and ser- in immediate end to eats. President Amin t the Israeli Eutebbe ed "nuclear chemical which put Ugandan sleep. East African , Page 5

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ulley, Education and is to ask the against f Appeal's rejection ctive to Tameside's council to carry out predecessor's scheme omprehensive school-

opens try talks

erday opened formal for entry into the sweeping declaration to the Community's principles and a list concessions desired g. Page 4

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ss grand master hnoi, 45, who was to Moscow yester- mpeting in Amster- ked the Dutch for um.

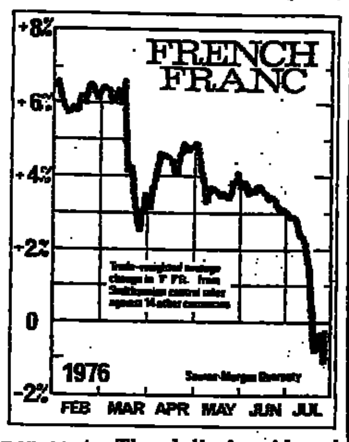
g White and John the Tornado class in provisional the Olympic yacht ies. Page 9

victory by 55 runs in the fourth Test he series whatever of the final Test at e 9

BUSINESS

French franc and sterling improve

● STERLING gained 30 points to $1.7820; its weighted depreciation narrowed to 38.6 (38.7) per cent. The dollar's widened to 1.84 (1.81) per cent. The French franc improved to Frs.4.90 (4.942) against the dollar. Page 4



● GOLD gained $1¾ to $114½.

● GILTS were dull. Gains in shorts ranged to 3/16 and in longs and mediums to ¼. The Government Securities index rose 0.17 to 61.85.

● EQUITIES were more active. The FT 30-share index gained 2.0 to 372.7, although the FT-Actuaries All-Share index was down 0.4 per cent. at 153.65.

● WALL STREET closed 7.38 down at 984.13 despite an encouraging news background.

● U.S. TREASURY Bill rates at this week's auction: Threes 5.194 (5.22), Sixes 5.497 (5.536) per cent.

Shore warns authorities

● MR. PETER SHORE, Environment Secretary, has told local authorities they must decide how to eliminate an expected £250m. over-run in spending within 10 days or he will impose sanctions. Page 7

● OECD EXPECTS the British growth rate to reach only 3.5 per cent. in the first half of 1977, compared with the Government's 4.5 per cent. forecast. Back Page

● THE NEB is putting up £1m. to take a one-third share in Twinlock, the office equipment group that made a £698,000 loss in the year to February 27. Back Page and Lex

● POTATO CROP may be inadequate for the second successive year. Further official action to conserve supplies has been announced. Page 35

● FT - SPONSORED National Management Game was won by Rank Xerox. Back Page

● TRADE DEPARTMENT report, completed after six years of investigations into companies controlled by Mr. Gerald Ronson, concludes that neither he nor his son, Mr. Howard Ronson, are suitable to be company directors. Page 7

● MANAGEMENT consultants from the U.K. carried out a record amount of work overseas in 1975 and expect further increases this year. Page 11

● ORDERS PLACED with U.K. shipbuilding yards increased sharply in the second quarter. Page 7

● U.S. BALANCE of payments swung back into a deficit of $377.3m. in June, due largely to a 35 per cent. increase in oil imports. Page 4

● BMW SOLD nearly 30 per cent. more cars in the first half of 1976, raising turnover 40 per cent. to DM2.18bn. (£454m.). Page 33

● TAYLOR WOODROW first-half pre-tax profit, including associates, rose to £6.72m. (£5.28m.). Page 31 and Lex. Fairey Company pre-tax profit for the year to March 31 increased to £4.92m. (£2.91m.). Page 30

PRICE CHANGES YESTERDAY

ice unless otherwise dicated)

RISES

1951...£91⅞	+	⅞
y 178	+	5
.... 42	+	6
arton... 172	+	14
p Canal 157	+	4
.... 415	+	15
ectronic 65	+	3
. ... 54	+	2½
h "A"... 64	+	4
s. "A"... 441	+	4½
ons 119	+	3
.... 295	+	9
. ... 344	+	6
d. 93½	+	4½
er 145	+	5
.... 253	+	6
Gold ..£15¼	+	¼
and. ... 82	+	7
East Rand Prop. ... 245	+	20
Hartebeest 950	+	50
Messina 230	+	10
SA Land 110	+	15
West Driefontein ...£16¼	+	1¼

FALLS

Barclays Bank 265	−	15
Hambro Trust 24	−	3
Hambros 188	−	7
Hoechst 442	−	8
HK and Shanghai ... 287	−	11
Leslie and Godwin ... 106	−	4
Lloyds Bank 207	−	16
May and Hassell 66	−	4
Midland Bank 263	−	14
MY Dart 41	−	12
Nat. Westminster ... 215	−	10
Smith (W. H.) "A" ... 356	−	4
Stanley (A. G.) 62	−	5
Stirling Knitting 13	−	2
U.K. Optical 160	−	4
Warren (J.) 70	−	4

More money needed to stop railway decline, Marsh says

BY ARTHUR SMITH

British Rail has warned the Government that unless more is spent on track and equipment the rail system will decline and a substantial proportion of the network will eventually have to be closed.

"There is no point at which we shall see a dramatic collapse — it is a steady, insidious decline," Sir Richard Marsh, the outgoing chairman, said in London yesterday.

He was commenting on the Board's highly critical 87-page reply to the Government's transport policy consultation document.

BR said that to meet the Government's recommendation that commuter services in London and the South East should pay their way would need a real increase in fares of 7½ per cent. every year until 1981. This would drive 60,000 passengers, or 15 per cent. of the commuters, off the trains.

Proposals are under consideration for buses to take over 10 per cent. of passenger train services, the Board disclosed. This could lead to the withdrawal of unprofitable passenger trains from up to 2,500 miles of track.

BR also envisages a 20 per cent. cut in its labour force — 40,000 men—by 1981.

The present system of financial support for railways was dismissed as unsatisfactory. The Board called for the provision of equity capital to help overcome the problems of recession.

Sir Richard, flanked by his successor, Mr. Peter Parker, insisted the rail system was being presented with a new opportunity.

The main need was to formulate consistent longer term policy for the system and stick to it rather than bow to short term economic and political pressures.

Sir Richard urged the Government to take an interim decision about the level of investment by the industry before completion of the current transport review. The present ceilings on investment of around £200m. a year were quite inadequate to keep pace with the rate at which the assets were wearing out.

Track replacement schemes were already a year behind schedule and certain peak-hour services had been cut.

Outlining the form which the decline of the railways would take, Sir Richard said: "We will begin to withdraw more services; we will impose speed restrictions; not bring in modern equipment. The net product of that is not even a cheaper railway. It will be a more expensive railway and the Treasury will have to pick up the bill."

The Board warned that forcing passengers off the railway by higher prices would in many cases cost more in national spending on alternative methods of travel than the amount saved in rail support costs.

BR has already undertaken a broad feasibility study of the extent to which it might be possible to substitute subsidised bus services for some local rail services.

Sir Richard stressed yesterday that the proposals were at an early stage and no details had been worked out. Trains might be withdrawn from 2,500 miles of track but freight services might continue to use 1,000 miles of the total.

The Board also called for Freightliners, the National Freight Corporation company in which it has a 49 per cent. holding, to be returned to control by the railways. Such a move would both be good for trade and improve the morale of staff.

Mr. Sidney Weighell, general secretary of the National Union of Railwaymen, last night rejected the suggestion of a 20 per cent. cut in the labour force. The Board's forecasts appeared to be based on a continuing decline in railway support, work load and activities, with no account being taken of social needs, he said.

The NUR agreed with much of the report, but was optimistic that public opinion would force a change in Government attitudes to public transport.

Marsh on rail policy Page 6

Dearer gas

A price rise of about 10 per cent. is to be sought by British Gas in October. The Corporation made a profit in the past financial year after two years of losses. Back Page

NatWest £65.6m issue hits 'big four' shares

BY MICHAEL BLANDEN AND KEITH LEWIS

NATIONAL WESTMINSTER Bank yesterday announced that it is asking its shareholders to put up £65.6m. of new capital through a rights issue of ordinary shares.

The news brought falls in the shares of all the big four banks, and came at a time when two other new offers got off to a bad start. The offer of shares in Molins, the tobacco machinery group, brought in applications for only 23 per cent. of the shares available, leaving the rest with the underwriters.

At the same time shares in Hambro Life, which had achieved a successful issue with a 43 per cent. oversubscription, started life at below their issue price. Hambro Life was the first major flotation since J. Sainsbury three years ago, and yesterday the shares ended at 220p in disappointing dealings, a full 15p below their issue price.

The response to these issues cast doubts over the prospects for further newcomers to the market, including the Thomas Borthwick issue to-morrow. It is expected to discourage other companies which have been joining the queue.

The Hambro dealings are relevant particularly to the Save and Prosper unit trust group, which is known to have been actively considering a flotation of its shares. Yesterday Mr. David Maitland, the group's chief executive, said it was "unlikely now that any decision will be taken until very much later in the year."

Bankers were critical yesterday of the handling of the new issue revival by the authorities, in allowing three companies to come to market in the space of a week after such a long pause.

It was also felt the results had been affected by the generally poor tone of the market since the Government spending cuts announcement, and by the amount of funds which has been absorbed by rights issues by existing quoted companies.

The NatWest rights issue will bring the total raised by companies in this way to £866m. this year, and follows the recent £35m. rights issue by Reed International.

The announcement left the shares of NatWest itself down by 10p at 215p, after they had touched a low of 212p earlier in the day. It also affected the other big banks, with falls of 14p to 263p in Midland and 16p to 207p in Lloyds, both of which announced interim results last week. Barclays, where results are due to-morrow, saw its shares down 15p to 265p.

NatWest explained that its decision to make the issue reflected the need to increase capital resources in the light of a "major programme of long-term capital investment." This programme, designed to meet the planned expansion of domestic and international business, related mainly to new buildings and modernisation of the branch network.

Mr. Alex Dibbs, the chief executive, said new capital would be needed within the next year or so to maintain the bank's capital ratios, and the amount now being raised would see the bank through for two or three years.

At the same time NatWest also announced that Sir John Prideaux is to retire as chairman after the annual meeting next April, and will be succeeded by Mr. Robert (Robin) Leigh-Pemberton.

NatWest is the third of the big banks to make a major rights issue in the U.K. Lloyds made a £74m. issue earlier this year and Midland a £52m. issue last year.

The announcement of the issue was timed to coincide with release of the bank's interim results, showing a substantial recovery mainly as a result of the absence of any further special provisions against losses on lending.

Pre-tax profits were £80.1m. in the first half of the year. This compared with £53.3m. in the same period of last year, after setting aside £18m. of additional provisions, and £51.1m. in the second half of 1975 when special provisions totalled £22m.

The bank's rights issue is to be one new share for every five held at a price of 183p a share. After the issue, the bank has permission to raise its dividend by 20 per cent.

Details Pages 30 and 31
Lex, Back Page

Callaghan seeks to ease CBI fears over insurance levy

BY ADRIAN HAMILTON

MR. JAMES CALLAGHAN is to seek to smooth industrialists' anger over the £1bn. increase in national insurance contributions at a meeting with Lord Watkinson, the CBI president, within the next few days.

The idea of the discussion, which has still to be finally fixed, is to regain Lord Watkinson's support for Government policy before next Wednesday's meeting of the National Economic Development Council to consider the industrial strategy's next phase.

It was Lord Watkinson's public support of the strategy and his commitment to new investment by industry which did much to make the last meeting of the NEDC earlier this month so successful.

Now it is industry's resentment over the additional "pay roll" tax in the 2 per cent. rise in national insurance contributions which is casting a shadow over the next meeting.

At this stage, it seems unlikely that the CBI will withdraw its support from the strategy altogether and the Prime Minister could go some way to re-establishing good relations by assuring the CBI of the Government's intentions to meet its demands for a radical overhaul of the price code and improved management incentives in the next phase of the counter-inflation policy in 1977-78.

Nevertheless, the CBI is likely to adopt a distinctly cool attitude towards relations with the Government in public for some time. The Chancellor's imposition of additional tax clearly caught Lord Watkinson, who had taken a lead position with his members in seeking closer co-operation with Government, in an exposed position and the continued fierce reaction of industrialists since then suggests he has little room for peace-making for the time being.

Among the main casualties of the Chancellor's recent move is the letter which Lord Watkinson had planned to send to all members encouraging them to bring forward their investment plans. This has now been "put on ice" and could be dropped altogether.

The Prime Minister's desire for an early meeting with Lord Watkinson came in a reply in the House of Commons yesterday when he expressed disappointment on the "reaction of Lord Watkinson on this question of investment."

£ in New York

—	July 27	Previous
Spot	$1.7865-7875	$1.7810-7830
1 month	1.25-1.15 dis	1.29-1.24 dis
3 months	3.22-3.12 dis	3.29-3.24 dis
12 months	10.65-10.55 dis	10.65-10.55 dis

State industry finances 'confused'

BY ADRIAN HAMILTON

THE FINANCES of the nationalised industries have deteriorated into a state of almost hopeless confusion as Governments have intervened to create short-term solutions to particular economic or industrial crises.

This, by implication at least, is the stark conclusion of a background paper, A Financial Analysis of Nationalised Industries, published to-day by the National Economic Development Office.

The paper, which deliberately eschews direct comment or conclusions, is part of a major study commissioned from NEDO by Sir Harold Wilson when he was Prime Minister.

Delicacy

Final recommendations of the study are due to be handed to the Government in September, and in view of the delicacy of the political and administrative issues raised all parties are keeping a tactful silence on its progress.

But it is clear from the drafts already discussed informally with industry chairmen, Ministers and civil servants that NEDO is promoting the need for a fundamental change in the structure of relationships between State corporations and Government and the financial and political guidelines within which the industries operate.

In particular, the study group is known to feel that the present separation of functions between Departments of State and industries should be replaced by a relationship in which civil servants, Ministers and employees are more formally committed to a developing industry plan.

Although one way of achieving this may be through the creation of a "supervisory Board" in which all parties are present, the study is likely to draw back from specific proposals on structures applicable to all State industries.

NEDO is known to consider that the present system of setting targets and monitoring performance of the State corporations is inadequate, and has so far failed to provide the necessary disciplines in which management can operate without day-to-day interference.

The idea of a strategic Board has aroused mixed feelings, with particular opposition from some nationalised industry chairmen, who respond that it would for-

Continued on Back Page
Editorial Comment, Page 12

Tanaka held on Lockheed bribe charges

BY CHARLES SMITH TOKYO, July 27.

JAPAN'S POLITICAL and business world was shaken to-day by the arrest of Mr. Kakuei Tanaka, the former Prime Minister, on charges of receiving corrupt payments from Lockheed Aircraft Corporation to facilitate its aircraft sales in Japan.

Mr. Tanaka, who has been considered for months to be a key figure in the Lockheed affair but whose arrest nevertheless came as an almost total surprise, was summoned early in the morning to the Tokyo Public Prosecutor's Office and placed under arrest about half an hour later after a token interrogation.

The repercussions of Mr. Tanaka's arrest within the ruling Liberal Democratic Party are expected to be far-reaching.

The ex-Prime Minister is suspected of having received about Y500m. (£950,000) worth of Lockheed funds via Lockheed's Japanese agent, Marubeni Corporation, and of having influenced aircraft purchasing decisions in Lockheed's favour.

Two major deisions in which Mr. Tanaka is thought to have played a key role were All Nippon Airways' purchase of 21 Lockheed TriStars in 1972 and a Japanese Government decision in the same year not to manufacture anti-submarine patrol aircraft. This meant that the Lockheed PC3 anti-submarine aircraft became the obvious choice for a major order by the Japanese Self Defence Forces.

Formidable

Mr. Tanaka's arrest follows that of 11 Japanese businessmen over the past month in connection with the Lockheed affair and presumably reflects the fact that the police team investigating the case now has a formidable file of evidence on the case.

It was widely understood before the arrest that the police had finished rounding up businessmen involved in receiving or transmitting Lockheed bribes but the next move in the affair was expected to be less spectacular than to-day's arrest.

One reason for the decision to go straight to the top may have been that a three-year statute of limitation on some of the bribery charges involved in the case expires on August 6, leaving very little time for charges to be made against bribe takers.

The arrest appears to mark the spectacular end of a political career which took Mr. Tanaka to the top of Japanese politics as the youngest post-war Prime Minister in 1972 and then saw his disgrace and resignation two-and-a-half years later.

Mr. Tanaka was forced out of office in the winter of 1974 after a lengthy magazine article exposed his activities as a millionaire businessman in the construction and property business. There was no move to prosecute him after his resignation, however, and Mr. Tanaka appeared to be rebuilding his power steadily within the Liberal Democratic Party up to the time the Lockheed scandal broke last February.

The Tanaka faction within the LDP remained the largest after the ex-Prime Minister's resignation and appeared to be far better provided with funds than any other major LDP faction. Mr. Tanaka wrote a letter of resignation from the party to-day which means that his faction is leaderless.

The Tanaka arrest was greeted to-day by an initial sharp fall in Tokyo share prices but the market recovered later and actually finished 12.41 points up on the day.

Former Premier Tanaka held Page 5

FEATURES

ON OTHER PAGES

For latest Share Index 'phone 01-246 8026

LOMBARD

Common sense in common people

BY ANTHONY HARRIS

THE FORD ADMINISTRATION, as David Bell reported from Washington yesterday, is getting little political benefit from the economic recovery now going on in the U.S. A recent opinion survey showed that two-thirds of the people questioned do not believe that the Administration has had much to do with the recovery, and further do not believe that the recovery will last. This blunt pessimism contrasts strongly with the worries expressed in the OECD Economic Outlook to-day: the OECD believes that the recovery in most Western countries is due to Government policies, and that there is a real risk that Governments are overdoing it. An over-rapid recovery, to be sure, would quickly lead to resurgent inflation, a collapse of confidence, and so to as gloomy a future as the one the common people foresee; but a hyper-inflation is a very different kind of doom from the sullen recession which ordinary people fear.

Professionals

At most times it would be safe to back the experts against the common people. Ordinary people do not understand economic forecasting, and are certainly no good at it; they consistently and understandably believe that their own recent experience is the best guide to the future, and are thus quite unable to recognise a cyclical turning-point. It is this fact which makes stock market professionals rich. On the other hand there are occasions, much less frequent, when we are not faced with a normal cyclical turning point, but with a more fundamental change; and on these occasions the common man sometimes seems to show a much keener sense of smell than the expert.

Two examples will show what I mean. About the middle of 1973 I had occasion to discuss the property boom with a director of the Bank of England. At that time it was a matter of common conversation that the boom had clearly got clean out of hand, and was going to lead to trouble. At Threadneedle Street there was also some worrying going on—but mainly about the implications for the money supply of the bank lending involved, and the difficulty of checking such lending by means of letters from the Governor. It was very trying that banks should take on lending commitments which meant that they had to go on lending long after the Governor told them to stop, and might even make the Bank look a little silly. But the director smiled bravely, implying that the Bank had a broad back: "After all, it's all going into real values." No sense of smell, you see; and the commercial bankers were just as bad.

The other example was only last winter. In the morning it happened that I had to talk to a group of quite junior business executives; and at question time it became clear that they were all worried about commodity prices. Would not an economic recovery immediately provoke a large rise in prices? And with the lessons of the recent boom, and of OPEC's success, might it not be unusually sharp and early? I hedged shamefully, and was rather reassured later in the day to hear a leading commodity expert tell a meeting of Commonwealth officials that commodity prices would now be stable for at least a year, because of stocks overhanging the market, though a real economic surge might push them up about the middle of 1977.

The fact is that experts, in their more sophisticated way, are even more attached to past experience than the common man is.

One result has been that most economic forecasts, including the consensus represented by the OECD, have been wildly off the mark for more than a year now. It is perhaps significant that their biggest error was in predicting the behaviour of the common man, which started saving unprecedented sums against the rainy days he expected. I suspect that they may also have misunderstood business behaviour—especially the scale of stockbuilding, a hedge against feared inflation, and have mistaken restocking for recovery. They may also, I would suggest, have mistaken pent-up car replacement for a recovery in consumer spending; and they give little weight to what every small businessman knows by experience—the great rebirth of banking prudence, which has cut many former borrowers off from funds. Some common men (but very few experts) may also be old enough to remember the rather similar worries and the false dawns of the 1930s. So for the time being I will be more impressed by the agreement of official forecasts reported by the OECD when the common man agrees with the forecasts too.

GORDON TETHER

Mr. Gordon Tether has ceased to write the Lombard column after having done so single-handed, holidays apart, for well over 20 years. In future the column will be written by a number of staff writers.

RACING BY DOMINIC WIGAN

Wollow returning to form

WOLLOW, who redeemed his somewhat tarnished reputation in the Eclipse Stakes when running the remarkable French four-year-old Trepan to two lengths looks capable of regaining winning form in to-day's £40,000 Sussex Stakes (3.45) at Goodwood.

Mr. Carlo d'Alessio's handsome Wolver Hollow colt looked considerably better in the paddock at Sandown than he had before the Derby, and it seems probable that he is returning to his fine form of the spring which enabled him to defeat that top-class French miler Vitiges at Newmarket in the 2,000 Guineas.

Although Pawneese's illustrious stable companion, *Earth Spirit*, is likely to start second favourite to the Newmarket colt, the possibly underrated *Free State* may present the most formidable challenge to the selection. This Hotfoot colt, rated by Pat Eddery as the best three-year-old the jockey has partnered this year, did well last time out when failing by half a length to give Trusted 18 lbs in the William Hill Silver Vase on the July course at Newmarket.

Trusted has since underlined the value of the Newmarket form by giving Pagos Boy 9 lbs and a half-length beating in the £5,000 Joe Coral Handicap at Ayr, in which such good horses as Obstacle, Yamadori and Game Lord were easily held.

Despite the small size of its field, I confidentally expect the five-runner Richmond Stakes (2.30) to produce one of the best races of the meeting, for the field is made up of *J. O. Tobin*, *Cataline*, *Gerard*, *Priors Walk* and *Tachypous*.

J. O. Tobin, a superbly bred colt by Mill Reef's sire Never Bend, out of that high-class mare, Hill Shade, who has already produced the 1,000 Guineas and Oaks winner, Mysterious, did all that was asked of him when accounting for Chain of Reasoning on his debut at Newmarket. He is preferred to Gerard, who made little impression on Sunfish at Newbury 12 days ago. Cataline won at that meeting, but I believe he will be outpaced in this company.

In a tricky nine-runner contest for the opener, the Findon Stakes (2.0), I intend taking a chance with Richard Hannon's rank outsider, *The Triplets*, who has hitherto been a sore disappointment to his connections and supporters.

GOODWOOD

2.00—The Triplets**
2.30—J. O. Tobin*
3.05—Albrighton
3.45—Wollow***
4.15—Amun's Ra
4.45—Palmerston

REDCAR

2.00—Worthy Star
2.35—Big Treat
3.10—Move Off
3.40—Bright Bid
4.10—Lyncathal
4.40—Yes Love

Stable lads' sackings 'not unfair'

The racehorse trainer Mr. Harry Wragg did not act unfairly in sacking 11 stable lads during a strike, the Employment Appeal Tribunal ruled in London yesterday.

Mr. Wragg, in business with his son, Geoffrey, in Newmarket, had said that when he dismissed the lads on July 21 last year training time was running out if horses were to be ready for the start of the season in September.

The stable lads, all members of the Transport and General Workers' Union who went on strike after the breakdown of pay talks, claimed that their dismissals were unfair because Mr. Wragg knew the strike was about to end—in fact, it finished on July 23.

Their compensation claim was turned down by an industrial tribunal at Bury St. Edmunds and the ruling was upheld yesterday by the Appeal Tribunal.

Dismissing the lads' appeal, Mr. Justice Phillips said that Mr. Wragg had denied knowing that the strike was almost over and the Bury tribunal accepted his evidence.

The stable lads offered themselves for work after the end of the strike, but were refused employment. By this time Mr. Wragg had started employing new stable lads.

SALEROOM BY ANTONY THORNCROFT

Season ending on firm note

THE LAST full week of the London saleroom season is naturally quiet but prices at the auctions yesterday were quite high, reflecting the better demand experienced during 1975-76. At Christie's silhouettes, miniatures and objects of vertu made £45,772, and a print sale managed £42,133.

The highest price was £2,000 paid by Koopman for an Austrian enamelled silver gilt rock crystal ewer and basin of around 1870. Among the miniatures a young girl painted in 1768 by John Smart sold for £1,600 and a Samuel Shelley miniature of a lady fetched the same price.

A German oval presentation gold snuff box, decorated with the diamond set monogram and crown of Ernest II, Duke of Saxe Coburg and Gotha, dated 1862, sold for £1,050.

Among the prints, a copy of the English and French fleets in the Baltic, 1854, after Sir Oswald Walters Brierly, sold to Sabin for £1,650, while in the afternoon a Rembrandt etching of a cottage beside a canal did even better at £1,750. A complete set of 14 celebrated horses by James Ward was bought by Colnaghi for £1,300.

At Phillips' clock and furniture realised £56,800. The best price was £3,300 from Marsh for a George III bracket clock by Coleman. A late 17th century ebonised bracket clock by Markwick of London went to Taylor for £1,800.

At Sotheby's ceramics totalled £23,028, with a top price of £820 for a Wedgwood plate made for Catherine the Great. The book sale added £21,187, for a two-day total of £34,523, and at Sotheby's, Belgravia. Victorian paintings contributed £31,654, with a top price of £700 for a View of Lime Kilns on the Exe by William Williams.

Once again the highest price achieved by Sotheby's was at its associate salerooms in Torquay run by Bearns and Waycotts. A mid-18th century English lacquer bookcase sold for £2,400 in an auction totalling £23,500.

Robson Lowe sold stamps from Great Britain for £26,547. An unused Penny Black went for £480, over three times the estimate.

* * *

The Victoria and Albert Museum has acquired Thomas Hope's pier table for £8,000. The table was designed by Hope, a banker and collector, about 1800 and is one of the most important examples of English neo-classical furniture. It had been in the collection of the antique dealer, the late Philip Blairman, and the sale was aided by £2,000 given in memory of her father by Mrs. George Levy.

GARDENS TO-DAY

Alone on the big pine trail

BY ROBIN LANE FOX

"THE SEASON for flowers," I was reading recently, "is not more than three months. Such is the rapidity of spring that plants, as on the Andes in Chile, bloom only for a day. The intense heat sets in about June when every bit of herbage is burnt to a cinder." This is not some long-lost prophecy from the Shepherd of Banbury about the new British summer nor an entry in my diary after two seasons in which the best border-plants and the most perpetual roses have passed away within a week. Rather, I was reflecting on the debt of British gardens to the bicentennial U.S. The West Coast's summer flowering season had caught the notice of the greatest plant collector to have set foot in California: Penstemons, Dog's Tooth Violets, Oregon Lilies are all fine American legacies to our garden, but I do not think that any is as remarkable as our own David Douglas, from whose diary I quoted.

Douglas was not a gifted writer or narrator and had few of the eccentricities which mark out other famous plant hunters. He was a Scot, born in Scone in 1799 and quite without position. He was employed by Glasgow's Botanic Gardens where he met with one of those happy academic windfalls which used to recur in the history of nineteenth century gardening. The professor of botany was William Hooker, a man who loved gardening, not plant-cells, and who liked his botanic garden more than his laboratory or his Glasgow-weighting allowance. He decided to replant the garden and to give more space to the flowers of the Scottish highlands, richer than many gardeners still realise.

Kew ruling

Douglas, in his early twenties, would accompany him over the hills which have trained so many pioneering botanists. I like to see his later career on the Columbia river and the Rocky mountains against these early Scottish experiences. From Glasgow, he was recommended to the Royal Horticultural Society who continued to pay him the sort of wage which they thought a young Scot was privileged to receive. When he went abroad as a collector, he was expected to obey the famous ruling of the head of Kew Gardens: "Collectors are directed not to take upon themselves the character of gentlemen, but to establish themselves in point of board and lodging as servants ought to do."

Douglas was to travel through the territories of the Hudson Bay Company, up the Columbia river, around modern New York City and over much of California before he was far into his thirties. Whenever you meet a plant called *Douglasii* it is his discovery, as is the Douglas Fir, of course, whose seeds he first sent back from Columbia in 1825. Among the scores of good new plants, I would single out his many Penstemons, especially the blue-mauve *Heterophyllus*. I remain convinced that there is no other group of low-growing border perennials which are such good value in Britain. Their hardiness is often under-estimated, and if you do not cut down their top growth until the spring even the softer sorts will live through a reasonably hard winter. But they must give way to Douglas's most popular find, the red *Ribes* or Flowering Currant which he discovered by the Columbia River. I have been reading the first excited comments in England on this shrub and am wondering why we ever plant anything else for the spring season. It has suffered by being too easy and too common, so that many gardeners look beyond it. I need only say that I like its curious scent and that I have recommended it so often for dark and shaded city gardens when it never fails.

You can always grow your own stock by cutting some stems and leaving them merely in a bowl of water until they begin to send out roots, without any heat or earth.

Even a *ribes* must rank second in Douglas's lifetime to his experiences among America's conifers. His life was adventurous and his death mysterious. Aged 35, on Hawaii and on his way to England, he walked off from a hunting friend and fell into a cattle-pit of which he had been warned. The pit had earlier trapped a wild bull, who gored him on the spot.

Suicide, murder or merely an accident? Probably the latter, but I would rather remember him and his New America on the happier occasion of his discovery of the huge Sugar Pine.

Douglas first met this extraordinary tree in the diet of the Indians around modern Oregon city. They were roasting the seeds from enormous pine-cones, over a foot long, from which dripped a resin as sweet as sugar. Douglas was intrigued. He had walked into enormous virgin woodlands of conifers, but he had never se[en] such proportions th[at] bear these huge se[eds]... winter, journey sou[th] Oregon to the Ump[qua] tains he resolved to ...

Travelling in the ... had produced the Go[thic] stories and first Frankenstein, Dougl[as] live through weeks beyond the imaginat[ion] provincial English ... chant. At an Indi[an] he had noticed a c... sugar-pine seeds. ... been found in the ... Douglas now visite[d] ... weather and with ... guide.

Two days away ... destination, he lay ... the forest against a[n] ... storm. Even his diar[y] ... for a phrase. "Last ... one of the most drea[dful] ... ten or 15 minutes im[mense trees] were falling, produci[ng] ... as if the earth w[as rent] asunder with the ... peals . . . ."

Staple diet

He was sick, soake[d] ... fied. The horses lost t... When he finally foun[d] ... Pine, it had been blo[wn by] the tempest. "New things seldom fail to ... impressions," he wr[ote] ... often at first we overr[ate] how typical of the m... goes on to relate that ... fallen tree was 215 fe[et] ... 58 feet wide only thr[ough] its trunk. Unable to ... sugar canes by hand, "clipping them ... branches" with shots ... rifle. When he had ... three, he looked be[hind]. The clearing had f[illed with] Indians, armed with ... arrows against this n[ew] ... their staple diet. Only ... of tobacco and an ... hasty escape did Do[uglas] ... the Sugar Pine seed ... Old World, writing ... ploits in the thick gr... Columbian forest, his ... side for fear of an a... a tomahawk at any m[oment].

So varied and so ... have been the Americ[an] ... Douglas and his succ[essors] ... our English country ... main locked through ... their finest plants to ... New World. Few c... room for Sugar Pine ... if these summers co[ntinue] ... will need a new Dougl[as] ... his fortune and ours ... the Californian summ[er] ... our dried-out borders.

TV/Radio

† Indicates programme in black and white

BBC 1

9.45 a.m. The Adventures of Tin Tin. 9.50 Jackanory. †10.05 Belle and Sebastian. 10.30 Roobarb. 10.35 Vision On. 12.30 p.m. Olympic Grandstand. 1.30 Bod and the Kite. 1.45 News. 2.00 Olympic Grandstand including Racing from Goodwood. 4.25 Play School. 4.50 Speed Buggy. 5.15 The Changes. 5.40 Barbapapa.

5.45 News
6.00 Nationwide (London only)
6.15 The Osmonds
7.00 Olympic Grandstand
9.00 News
9.25 Olympic Grandstand including 11.15 Late Night News Headlines

All Regions as BBC—1 except at the following times:

WALES—4.50 p.m. Y Tir Newydd—America, part 7. 5.15-5.40 Heddiw. 6.00-6.15 Wales To-day. 11.15 Late Night News Headlines.

SCOTLAND—6.00-6.15 p.m. Reporting Scotland. 11.15 Late Night News Headlines.

NORTHERN IRELAND — 6.00-6.15 p.m. Scene Around Six. 11.15 Late Night News Headlines.

ENGLAND—6.00-6.15 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

BBC 2

10.35 a.m. Nai Zindagi Naya Jeevan
11.00 Play School
2.15 p.m. Glorious Goodwood
7.05 Dressmaker
7.30 News on 2
7.40 Gardener's World
8.10 Thackray and Loudermilk
8.35 Who Said That?
9.00 Look, Stranger
9.25 "The House of Bernarda Alba," by Federico Garcia Lorca
11.00 Newsnight
11.20-11.25 Music at Night: Marisa Robles plays harp music

LONDON

†9.45 a.m. Bertrand Russell Speaks his Mind. 10.00 Summer School. 10.50 Cartoon Time. 11.00 Certain Women. 11.50 Cartoon Time. 12.00 The Adventures of Rupert Bear. 12.10 p.m. Rainbow. 12.30 Mitchell Memories. 1.00 First Report. 1.20 Lunchtime To-day. 1.30 Crown Court. 2.00 Good Afternoon. 2.30 Racing from Redcar. 4.25 Michael Bentine's Potty Time. 4.50 Shadows. 5.20 The Flintstones.

5.50 News from ITN
6.00 A Town Called Windsor
6.35 Crossroads
7.00 All in the Game
7.30 Coronation Street
8.00 Bring on the Girls
9.00 Rich Man, Poor Man
10.00 News
10.30 Rich Man, Poor Man (continued)
11.15 What the Papers Say
11.35 Wrestling
12.05 a.m. Night Gallery.
12.25 a.m. Close

All ITV Regions as London except at the following times:

ANGLIA

10.30 a.m. Betty Boop Cartoons. 10.40 Phoenix 5. 11.05 Jane Austen and Her World. 11.30 Waterwise. 1.25 p.m. Anglia News. 2.00 Houseparty. 5.20 The Beachcombers. 6.00 About Anglia. 11.15 Kenneth McKellar at Home. 12.15 a.m. The Big Question.

ATV MIDLANDS

†10.50 a.m. Film Fun: "Sally's Irish Rogue." 1.20 p.m. ATV Newsdesk. 5.20 ATV Today (Part 1). †6.00 ATV Today (Part 2). 11.15 Wheeltappers and Shunters Social Club.

BORDER

11.05 a.m. Jane Austen and Her World. 11.30 Recreation and Interests. †1.20 p.m. Border News. 2.00 Houseparty. 5.20 The Count of Monte Cristo. 6.00 Border News and Lookaround. 11.15 The Protectors. †11.45 Border News Summary.

CHANNEL

†1.20 p.m. Channel Lunchtime News and What's On Where. 5.20 Arthur, No. 39. †6.00 Report at Six. 11.15 My Name Is Alan Price. †11.45 News and Weather in French followed by Epilogue.

GRAMPIAN

11.05 a.m. Jane Austen And Her World. 11.35 Recreation and Interests. 1.20 p.m. Grampian News Headlines. 2.00 Houseparty. 5.20 Wait Till Your Father Gets Home. 5.45 Police Newsroom. 6.00 Grampian News and Farming News. 6.15 The Woody Woodpecker Show. 11.15 Perspective. 12.15 a.m. Evening Prayers.

GRANADA

10.50 a.m. The Seven Seas. 11.40 Tomfoolery. 1.20 p.m. Take Kerr. 5.15 This Is Your Right. 5.20 Crossroads. 6.00 Granada Reports. 6.30 The Adventurer. 12.00 Thank You And Goodnight . . .

HTV

11.05 a.m. Jane Austen And Her World. 11.30 Recreation And Interests. 12.00 Flower Stories. 1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. †5.20 Chuckleheads. 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 Winner Takes All. 11.15 Meet Marie Gordon Price.

HTV Cymru/Wales—As HTV General Service except: ...

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

11.05 a.m. Jane Austen and Her World. 11.25 Sylvester and Tweetie Pie. 11.30 Waterwise. 1.25 p.m. Road and Weather Report. ... 5.25 Crossroads. 6.00 Watch This Space. ... 12.15 a.m. Late Call.

SOUTHERN

10.35 a.m. "The Lions Are Free" starring Bill Travers and Virginia McKenna. 11.30 Recreation and Interests. 1.20 p.m. Southern News. 2.00 Houseparty. ... 5.25 Crossroads. 6.00 Day by Day. 11.15 So It Goes. 12.15 a.m. Southern News Extra.

TYNE TEES

11.00 a.m. Starting Point. 11.05 Jane Austen And Her World. 11.30 Recreation and Interests. 1.20 p.m. North East News and Lookaround. ... 5.20 p.m. Wild Country. 6.00 Today at Six. 11.15 The Protectors. 11.45 Epilogue.

ULSTER

11.05 a.m. Jane Austen And Her World. 11.30 Waterwise. 1.20 p.m. Ulster News Headlines followed by Lunchtime. 4.23 Ulster News Headlines. 5.20 Return to Planet of the Apes. 6.00 Summer Reports. 11.15 So It Goes.

WESTWARD

10.05 a.m. Sesame Street. 11.05 Jane Austen And Her World. 11.30 Recreation And Interests. 12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.20 Arthur. 6.00 Westward Diary. 11.15 My Name Is Alan Price. 12.15 a.m. Westward Late News. 12.18 Faith For Life.

YORKSHIRE

10.55 a.m. The Evolution of Plants. 11.05 Ivanhoe. 1.20 p.m. Calendar News. 5.20 Calendar. 6.00 Calendar. 11.15 Police Surgeon.

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Simon Bates. 9.00 Tony Blackburn. 11.00 Dave Lee Travis with the Radio 1 Roadshow from Whitby. 12.30 p.m. Newsbeat. 12.45 Paul Burnett. 2.02 David Hamilton (S) (also on VHF). 4.30 Rosko. 5.45 Newsbeat. 6.02 Sam Costa (S) (joins Radio 2) (10.00-11.00 as VHF). 11.00 John Peel (S) (also on VHF). 12.00-2.31 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 6.55 Olympic Sports Desk. 7.02 Brian Matthew (S) including 8.27 Racing Bulletin. 8.30 Olympic Sports Desk. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Olympic Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1,500m only (also 202m Scotland), Racing from Goodwood and 2.45 Olympic Sports Desk. 4.30 Waggoners' Walk. 4.45 Olympic Sports Desk. 4.50 Sam Costa (S) including 5.45 Olympic Sports Desk. 6.33 Olympic Sports Desk. 7.02 Games People Play. 7.30 Olympic Sports Desk. 7.32 A-Pickin' and A-Grinn'in. 8.02 Two In Mind (S) including Olympic Sports Desk. 8.30 Sing Something Simple (S). 9.02 Command Performance (S) including Olympic Sports Desk. 10.02-11.00 Words and Music (S) (VHF only) (11.00-12.00 VHF only as Radio 1). 10.02-2.30 a.m. 1,500m only (also 202m Scotland) until midnight when VHF joins Olympics '76 with Terry Wogan. 2.30-2.31 News Summary.

RADIO 3 464m, Stereo & VHF

6.55 a.m. Weather. 7.00 News. 7.05 Your Midweek Choice part 1 (S). 8.00 News. 8.05 Your Midweek Choice part 2 (S). 9.00 News. 9.05 This Week's Composers: American pupils of Nadia Boulanger (S). 9.50 Organ Recital from Llandaff Cathedral (S). 10.35 New Records (S). 11.35 Mahler and Brahms Songs (S). 12.05 p.m. Mid-day Concert part 1 (S). 1.00 News. 1.05 Mid-day Concert part 2 (S). 1.45 The World of Operetta (S). 2.45 Haydn String Quartets (S). 3.35 Clementi piano recital (S). 4.05 Bach, Hindemith and Stravinsky concert (S). 5.00 Choral Evensong. 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: Language and Communication. 7.30 Proms concert, part 1: Britten, Barber (S). 8.10 The Arts Worldwide. 8.30 Proms part 2: Elgar (S). 9.35 Scientifically Speaking. 10.20 Bach Cantata (S). 10.45 A Painter's Journal. 11.10 Louis Moreau Gottschalk: Piano recital (S). 11.25-11.30 News.

RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming To-day. 6.40 Prayer for the Day. 6.45 To-day. 7.00 News and more of To-day, including 7.17 The Olympics; 7.25 VHF Regional News; 7.45 Thought for the Day. 8.00 News and more of To-day, including 8.17 The Olympics; 8.25 VHF Regional News. 8.45 Yesterday in Parliament. 9.00 News. 9.05 The Living World. 9.35 Parents and Children. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Round Britain Quiz. 11.30 Thirty-minute Theatre. 12.00 News. 12.02 p.m. You and Yours. 12.27 Brain of Britain 1976. ‡12.55 Weather and programme news VHF (except London and S.E.) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour, including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 A Double Amp Walks on his Hands. 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report, VHF Regional News. 5.55 Weather; programme news. 6.00 News. 6.15 Twenty Questions. 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.30 Murder International. 8.00 Eric and Ernie's Hall of Fame. 9.00 Quote . . . Unquote. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World To-night. 10.45 A Book at Bedtime. 11.00 The Financial World To-night. 11.15 To-day in Parliament. 11.30 News.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Susie Barnes with Rush Hour. 9.00 Richard Vaughan with London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. David Simmons' Call In including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.32 Tony Fish with Home Run, including 5.00 and 6.00 London News Desk. 7.00 Jenny Thompson and Diana Rice with In Town (as 11.03 a.m.) 8.00 Quest. 8.30 Soul 77. 10.03 Robbie Vincent's Late Night London. 12.00 Close-down As Radio 2.

London Broadcasting

261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "AM" breakfast-time show. 10.00 Brian Hayes—talking to London. 1.00 p.m. Newswatch. 5.00 Newsbreak. 7.30 Jazz in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour through the night.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene: The Breakfast Show. 9.00 Tony Myatt presents the "Michael Aspel Show". 12.00 Kerry Juby presents "Cash on Delivery". 6.00 p.m. Roger Scott. 7.30 Bryan Wolfe presents "Open Line". 9.00 Your Mother Wouldn't Like It: Capital's heavy rock show. 11.00 Tony Myatt: The Late Show. 2.00-6.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,142

ACROSS

1 Man about town going to get commission (4-3)
5 Store shares doing better (5, 2)
9 Girl appears as sun breaks in (5)
10 Bring up Adamson to make a fuss (5, 4)
11 Match girl fit to go to prison (9)
12 Back a southern bird (5)
13 Understand it could be a number (5)
15 Can Elizabeth acquire an old car? (3, 6)
18 Twister used to relieving bottlenecks (9)
19 Celebrities playing British rugby (5)
21 Opera as alternative to Ascot (5)
23 Ascertains opinions of what we hear is dismissed (6, 3)
25 Rise in favour of resolution (9)
26 Procedure between doctor and invalid (5)
27 Forced away from west and given a break (7)
28 Swear Edward was turned away (7)

DOWN

1 Future bloomer revolted mate in U.S.A. (7)
2 Statesman embracing Cockney female (9)
3 Lightweight beast (5)
4 A big improvement on a distant punter (3, 6)
5 Scots capital is prepared to provide pig food (5)
6 Surplus population finished getting upset (9)
7 Jack puts king over part of church (5)
8 Writer with article on church done by sinner (7)
14 Throw a fight and have a sleepless night (4, 5)
16 What 105p came to represent in Australasia (3, 6)
17 Beastly expert upset 3 strange GIs loot (9)
18 The mere instrument of a pussyfoot (7)
20 Decided to go to Yorks town with daughter (7)
22 Broke the law to obtain scarf (5)
23 Cast started suddenly (5)
24 Device associated with city in U.S.A. (5)

SOLUTION TO PUZZLE No. 3,141

TELL A THING OR TWO
ERASE RECREMENT
TROUT ELEVATION
EXECRATES ICTUS
DHOTI REMINDFUL
TAXIMETER ETHER
BREAKFAST ARGUE
ENTERTAIN DOUBTS

CONTINUED ON P[AGE]

Archival gems

by CHRIS DUNKLEY

:, unashamedly, a catch-)lumn. There have been :r of programmes trans- :n recent weeks which lave received attention t which became casual- he summer holidays or on fortnight. There ı me very little reason conscience about this, because friends and ınces often complain the time we get round ıing a series everyone have finished writing and gone on to some- :." In any case—better never.

Destination America, t-part series made by Television to tell the "the largest voluntary in history": the move- 35m. people from to the U.S. between 1920. The series was a team containing the people who worked *'orld At War*, and their s in the two series ery similar: much was placed on archive d, of necessity, still hs in the case of *Des- America*) and the material was inter- with very straight- nterviews.

fact about the series have noted here pre- that it proves that for 'elevision and director nmes Jeremy Isaacs— quently for ITV as a *e World At War* was erration but the con- of a trend and, one a development of a (This is not to forget other ITV companies, nglia's *Survival*, say, ıada's *Disappearing* hich are essentially It may even be that, ritish anyway, this is important aspect of

uble is that for an nade up of people who hemselves American ; or the descendants n immigrants, *Desti- erica* was dangerously ook returned to the the little girl with the that it told her more uins than she wanted

it is remarkable that and most powerful country in the world should have a population formed almost entirely and so rapidly from immigration; of course the creation and precarious preservation of miniature German, Italian, central European Jewish, and Irish cultures within the melting pot is a story with no small anthropological, geographical, and historical interest. Yet still it does seem a somewhat specialised subject to choose for a British audience during eight hours of peak viewing time. No doubt it will appeal to a vast audience in America.

They were, in many respects, exceptionally good programmes. It has been said that the idea of following a second or third generation descendant of an immigrant back to the family homeland was irrelevant and unproductive, but it seemed to me to be one of the best ideas of the entire series. Certainly the woman (an absentee landlord as it turned out!) who returned to the Italian village and expressed contempt for the siesta and amazement at the failure of the inhabitants to "brighten up" the outsides of their houses provided a more succinct comment on American attitudes than any of the bicentennial programmes managed.

The camera's record in the last programme of a girl visiting the remote village in Poland from which her ancestors had emigrated, provided a powerful sense of what it was the emigrants were escaping and—because of the juxtaposition of the girl, clearly an American and not a Pole, and her relatives, clearly Poles and not Americans—a strong notion of the losses as well as the gains.

The achive element of the programmes was, as ever, fascinating, even if directors do still need to learn to use the occasional archival gem as a picture which is of interest in its own right; at present they feel obliged to work in some linking element of "logical" commentary, no matter how clear it may be that the picture is there just because it is a marvellous picture (of the 19th century German ban, for instance).

What worked least well was the link between the archive content and to-day's second and third generation descendants of immigrants. Naturally the remarks made by the very old, who could remember and discuss the period illustrated in the archive material, were clearly and directly associated with the story of the great immigration which the pictures were telling. No such clear connection existed between the young and the historical material; sometimes it looked rather as though two quite distinct series had been run together.

The World At War had no such difficulties because it dealt with a finite historical period and made no attempt to discover subsequent effects or the influence on later generations (not least because that would have involved the entire history of the post-war world). *Destination America* might have been a more compact series if it, too, had been limited to interviews with those who actually lived through the experience—the great migration in this instance.

Whatever the shortcomings, it is greatly encouraging to find a British television company other than the BBC undertaking the production of serious historical series based on fullscale, long term original research. Anyone wanting to know more about this particular subject should get hold of the book, also called *Destination America*, written by Maldwyn Jones (who was Thames's historical consultant) since it compares very favourably with most "book of the series" volumes, and offers a great deal that could not be included in the programmes. What's more you can dwell on the pictures, such as the one of the shanty town on New York's Fifth Avenue in 1893, just as long as *you* want to.*

John Featherstone (small boy in centre) grandson of an American immigrant from Kent, England in 1830. John Featherstone, now 85, appeared in 'Old World New World' episode of 'Destination America' (Thames).

★

The XYY Man has done for television what Frederick Forsyth did for the paperback thriller: put an end to the SMERSH syndrome. There have been occasional exceptions, but for many years the general rule has been for the villains in any international/political adventure story to be Russian. In Ivor Marshall's adaptation of Kenneth Royce's book for Granada, the Chinese, white South Africans, and black Rhodesians, all featured as baddies — surely a unique combination.

The XYY Man was the most enjoyable Rattling Good Yarn for quite some time: Southern's *Dangerous Knowledge* had few traces of the necessary panache, and the most recent offering from Francis Durbridge, although it used a plot in which (as ever) the commonplace and everyday became—supposedly—menacing and frightening, it never made the hairs on the back of the neck even sit up, let alone stand up.

The XYY Man, directed by Ken Grieve and produced by Richard Everitt, contained some exciting pursuit sequences, a neat sub-Rififi break-in, and a nice characterisation of the inefficient public-school policeman from Mark Dignam. All the police officers and Home Office gentlemen passed bucks and stabbed backs with appalling enthusiasm. You have to go back to Yorkshire's *Hanged Man* to find a series with as much fizz as this.

It also deserved mention for an unusually clever credit sequence of a cut-out running man, even if the concept was not entirely original.

★

Finally to ITV's so-called "Command Performance;" so-called by ITV who would like us to think that these programmes are being repeated because the public have asked for them more frequently than for any others. Actually, owing to the restrictions in terms of years and numbers of repeats imposed by British artists and unions very few of the British light entertainment, comedy or drama programmes which would, undoubtedly, get most votes, are available for repeat showings. That is why "Command Performance" is full of British documentaries and old American series.

Last week, however, those restrictions meant that the repeat was of Adrian Cowell's award winning documentary *The Tribe That Hides From Man* and even if I was the only person in the country who was seeing it for the first time (which I doubt) I feel a duty to confirm that it is, indeed, a magnificent programme and one which has remained unsurpassed in the five years since it was made.

It is a deep-layered programme which starts by looking like a familiar jolly jungle travelogue and ends up inducing a very worrying questioning of practically all Western and "civilised" philosophical attitudes, ranging from the liberal to the totalitarian. A superb achievement.

* Weidenfeld and Nicolson £4.95.

Steve Marshall, Joseph Peters, Cass Patton and Alan Williams

Leonard Burt

Young Vic

Bridget's House

by MICHAEL COVENEY

Hull Truck is the first fringe group to guest at the new National, joining the NT season at the Young Vic for this week only. Over the past five years the company has developed a unique style of work, examining, through improvisational methods that ultimately yield beautifully detailed and observed pieces of manneristic comedy, the life-style, language and cynicism of the generation educated and formed in the '60s, now hopelessly adrift in the faceless '70s. That, anyway, is what comes across in Mike Bradwell's production, which stumbles badly in the first half, survives some routine music and ends strongly, with Bridget determined to sell her house.

Bridget is divorced, middle-class (unrepentant), about 30. Her house, which she inhabits together with three rent-paying friends, is one of three properties she owns in downtown Hull. Bridget is trailed by a stoat-like psychology lecturer who knows nothing about people; once you accept that Bridget, imperiously played by Rachel Bell, would even give this creep the time of day, their acerbic interchanges are enthralling. This relationship is wryly observed by one of Rachel's lodgers, the bearded Andrew, an art college refugee who appears to be smoking himself to death while railing grammatically against life from his tatty armchair. The other residents are Mo (Cass Patton) who screws as casually as she talks, and Jonathan (Joseph Peters) a teacher of religion attempting vainly to impress on the carefree squalor of the place a house-cleaning rota.

To anyone who has lived in a communal flat or house, the scathing accuracy of the show will be obvious: the cupboard in the kitchen where coffee, milk and toilet rolls are territorially pigeon-holed; the ash-tray carpet that is left for the non-smoker to clean; the rancorous discussion over endless cups of morning coffee about the purpose of life and last night's interminable reggae session from the raver's room; the statements of friendship littered with veiled criticism and sarcastic bombast. Mr. Bradwell structures the piece with cunning and aplomb, even if he sometimes has trouble ending each "set" of dialogue: a marvellous duet on the female orgasm, for instance, ends unhappily with Mo capping a diatribe against male sexual chauvinism by exiting on the line "I fancy the deaf mute with the big cock"—this makes a comic point, but it hits you as a gag instead of falling convincingly from the character's mouth.

Andrew is very well played by Alan Williams, succeeding to the role taken by Mr. Bradwell himself in the last Hull Truck show seen in London, *Oh What!* That was at the Bush last year, and that venue is more suited to this type of work than the Young Vic, where too many of the lines get lost as a result of intense one-to-one playing between the actors. But this invaluable group will be back with *Bridget's House* at the Bush in November. They should be seen.

New Gallery to become concert venue

A new concert hall in London opens in September to world-famous artists including Paul Tortelier and Segovia.

In a special Celebrity Series of seven concerts, beginning on September 22, the New Gallery in Regent Street will become a venue for leading artists and ensembles, among whom will be the pianist Shura Cherkassky, the harpsichordist George Malcolm, the New London Consort (in a concert of mediaeval music), the pianist Gina Bachauer and the Songmakers' Almanac, a new group featuring Felicity Lott, Anthony Rolfe Johnson, Ann Murray, Richard Jackson and Graham Johnson.

The establishment of the New Gallery as a concert centre has been brought about by the efforts of the London concert agency, Ibbs and Tillett, who have made arrangements with the owners to provide management and music advisory services to the New Gallery authorities, which will enable musical events to be held in the hall from Mondays to Thursdays of each week.

The New Gallery has a seating capacity of over 1,300.

Lynn Festival

Music in churches

by PAUL GRIFFITHS

folk may not be rich ıalls but it abounds in es, splendid sites for events of the King's al. The chief glory itself is St. Nicholas' spacious mid-15th- ıcture with superb which last Saturday to the solid jubila- Handel's coronation nd to the happy *his pastoral masque alatea*. This had a htful performance, Nelson warm and Galatea and Ian sing his individual igently to give a rtrait of the unlucky tyn Hill managed ractive singing to : sympathy while his bits of advice ing as Damon, and ıas was the perfect villain as Poly- .ll proved alive to ell as sense, able to feeling without d equipped to deal blems of repetition. o monotony, and no romantic inflation.

e instrumental play- Academy of Ancient of a standard to xcellent singing. If ome occasional tech- nings, the sound of was serenely beau- because the authen- ruments made such truly classical pas- choruses were sung ıola Cantorum of were particularly opening number of Act 2, but who rightly reserved their greatest vigour for *Zadok the Priest* and *The King Shall Rejoice*. Christopher Hogwood, the festival's director, conducted this Handel programme and showed again the musicianly flair which distinguishes his performances as a keyboard player.

The choice of Handel's coronation music was apt, for one of the anthems is known to have been conducted at St. Margaret's Church in 1754 by Burney, then organist of that parish. To celebrate the town's unsettled visitor in this bicentenary year of his history of music, the festival is making Burney a special feature. Events include an exhibition on the subject of "Dr. Charles Burney and the musical instruments of his age," a programme of readings and music to illustrate his musical tours, and other performances of works he knew and loved.

But not everything in the King's Lynn Festival is kept to the churches, galleries and museums of the town. The modern pedestrian streets make a convenient if soulless venue for entertainments from the festival's wayward fringe. One afternoon I discovered, at a crossroads busy with shoppers, an enactment of the mummer's play of St. George and Father Christmas, and across the way variety show cast urging their audience "walk on, walk on with hope in your hearts" to the brave accompaniment of a piano. The festival also spreads itself further to the fine buildings of surrounding villages.

On Monday afternoon, for instance, the Oxford Schola Cantorum appeared again for a concert in St. Mary's Church at Snettisham, famed for its Iron Age gold hoard. The church is an imposing construction of around 1340, exhibiting the dignified grandeur of the Decorated style on a modest scale, and it was an acoustically benevolent place for a programme of English music from the two centuries separating Taverner's birth from Purcell's death. This *was hardly a unified period*, and it was proof of the choir's versatility that they could, within an hour, range from the musical fan vaulting of Taverner's Mass "O Michael" (the Gloria only) to the troubling harmonies of Purcell's *Hear my Prayer*.

The Schola Cantorum has been through rough patches in its generally glorious history, but in Nicholas Cleobury it now has a conductor of exceptional gifts. Cleobury has kept the choir's distinguishing asset, its brilliant boyish soprano line, and has given it a strong, firm balance. Most importantly, he has trained his singers to respond exactly to his rhythmic control, so that they can perform Taverner, Tye and Tallis without any of the sagging which often disfigures accounts of 16th-century choral polyphony. Yet their singing is far from slick: nobody could hold such a charge against them after hearing the sumptuous joys they found in Gibbons' anthem *O clap your hands together*.

Other events in the festival's opening week-end must be treated more briefly. The Gabrieli Quartet gave a very pleasing concert in St. Nicholas' Chapel, including Janacek's Second Quartet, "Intimate Letters," to show their command of the Slavonic repertory's stranger branches. Then there were festival services in the great church of St. Margaret, a Hungarian magician, a Norfolk folk evening and a night with Dr. Evadne Hinge and Dame Hilda Bracket. More similarly diverse entertainments will be available in and about the town until Saturday.

Round House/Radio 3

Fires of London

by DOMINIC GILL

The new work at Monday evening's Round House Prom, given by the Fires of London under Peter Maxwell Davies, was Oliver Knussen's *Océan de terre*—a 15-minute essay for soprano with *Pierrot* ensemble, percussion and double-bass on a poem of Apollinaire. I could find no focus in it: the setting is abstract; the music, of mainly very slow harmonic movement, sprinkled with some pretty timbres, flowed amiably without direction—a pot pourri of post-Schoenbergian manners, lacking any kind of tautness, tightness, quickness: a brave attempt, without sinew or centre, at a difficult medium.

Dominic Muldowney's *Solo/Ensemble* for solo percussionist with the same instrumental *Pierrot* group of flute, clarinet, piano, violin and cello seemed altogether more sharply defined in shape, direction, effect: a subtle blend of quiet humour with delicate instrumental conversation, very finely and carefully gauged. I liked the energy of the piece: its clean line, precise texture, gentle exuberance—above all, the exceptional clarity of intention and execution.

The Fires' programme also included two works by Peter Maxwell Davies himself—*Dark Angels*, a setting of two Orkney poems by George Mackay Brown, a quiet, bleak song, as bare and empty of light as the words it follows, very sensitively and simply sung by Mary Thomas; and Davies's early (1969) music-theatre masterpiece *Eight Songs for a Mad King*. The soloist was Donald Bell, less wild in delivery, less anguished and demented of spirit, than the Mad Kings of Roy Hart and William Pearson, but impressive none the less—a precise, dreamlike performance, beautifully shaded, finely judged, the more touching for its powerful restraint.

Garden

Clytemnestra

scenes of Martha *ytemnestra propose* task of recounting f lust, murder and suffering that r the house of the centre of the d Clytemnestra in orld, remembering, finally reconciling events in her quest nination, and the t is the final word text that is part of bh's score. (This most taxing thing ork, a grindingly companiment that attention by its lytemnestra's pro- gonised contempla- r life to that lf-acceptance which he resolution of a ine's crisis, is both narrative—in the scenes—and of the awareness of the plain the narrative sections.

ffect is compelling, part because of the l expressive force akawa's playing of a beautiful It is often a static Asakawa's control, suggest that she d up the figures we t reverberant with d as a setting there vels designed by n: a throne, a bed, ners and sword, a spears, which seem of form and of ity.

t and last scenes, as I have suggested, we must view the action through our knowledge of Clytemnestra's search for understanding. With the strong performances of the Graham dancers this is no hard task, and the spare dance language—as stripped of any decorative excess as Noguchi's properties—makes the allusions clear and pertinent. More conventionally "theatrical" are the middle scenes in which the love of Clytemnestra and Aegisthus, Agamemnon's return, his murder and the revenge of Orestes and Elektra, is depicted with ritual simplicity.

The performances here are exceptional: the passion of Clytemnestra and Aegisthus (a sinuous interpretation by Mario Delamo); the torment of Orestes (Peter Sparling) and the embittered Elektra (Elisa Monte); the physical weight of Tim Wengerd as Agamemnon; are all very fine.

Ultimately, I suppose, one misses the presence of Martha Graham herself dominating the action—and this is not to deny for one instant the excellence of Miss Asakawa—but the work survives and holds good without her, even with to-day's performances which are of less weight than when we first saw it. What sustains the piece is its concentration, its sense of drawing the threads of the action into a tight knot held by Clytemnestra herself. Faults there may be—the score will never win me—but they are far outweighed by the passion Graham has brought to her understanding of her heroine.

CLEMENT CRISP

St. Augustine's, Kilburn/Radio 3

Schütz to Strauss

The first of this Prom season's three choral ventures to Kilburn was undertaken by the Schütz choir of London. The opening part of Monday's short but striking concert was devoted to five motets from Schütz's *Cantiones Sacrae*—fiercely usterer in means, but passionate and rich in expression. In Roger Norrington's loving, urgent direction, the music was presented at full force, except for moments when that very urgency seemed to lead the small choir into impure entries or passages of unclean ensemble.

If Mr. Norrington's Schütz made an admirably idiomatic impression, his conducting of the Mozart C minor Wind Serenade was ponderous to the point of eccentricity. The dark ferocity of the music is not increased by excessively weighty accents, nor, in the first and last movements, leaden tempos; the playing of the Kent Opera Wind Ensemble was insufficiently dexterous to master the challenge set by the conductor. The challenge set by Strauss's German Motet (1913) is so formidable as to seem beyond compass; but with the choir of young professionals enlarged and set soaring to the extreme ends of four octaves by Mr. Norrington's passionate encouragement, the full-to-the-brim inventions of the music could be saluted, if not necessarily enjoyed. After the severely glowing early-Baroque structures of Schütz, Strauss's experiment in musico-religious expression put me in mind of nothing so much as the architectural fantasies of Gaudí—bursting with ideas, but much, much too much. Jessica Cash, soprano in the solo quartet, was by no means in sweetest voice.

MAX LOPPERT

AMERICAN NEWS

Connally backs Ford as Reagan falters

BY DAVID BELL WASHINGTON, July 27.

MR. RONALD Reagan's surprise choice of a liberal Republican Senator as his running mate has not been at all well received by some of his most conservative supporters and, as yet, does not appear to be eroding support among delegates pledged to President Ford.

As the political furore touched off by his move continued to-day President Ford received the endorsement of Mr. John Connally, the former confidant of Lyndon Johnson and Richard Nixon who has stayed studiously on the sidelines until now being courted all the while by both Ford and Reagan. Coming as it does the day after Mr. Reagan's choice of Sen. Richard Schweiker it is clearly intended to have the maximum impact on Mr. Ford's behalf and the President may well remember this in choosing a running mate next month.

Mr. Connally's move is the more significant because it has become increasingly clear to-day that some of Mr. Reagan's loyallest supporters consider Sen. Richard Schweiker as almost as liberal, and thus almost as dangerous, as Sen. George McGovern. They are accusing the former California Governor of reneging on an earlier pledge to choose a running mate with a similar political philosophy and also of driving a coach and horses through the conservative principles of the party's right wing. Rep. John Ashbrook, a Reagan supporter and convinced conservative, to-day described the appointment as "the dumbest thing I ever heard of."

In New Hampshire the arch-conservative governor Mr. Merlin Thomson withdrew his support for Reagan, threatened to join with other conservatives to propose a third candidate at the convention and described Sen. Schweiker as "one of the worst liberals in both parties." Mr. Reagan, he said, has "abandoned all he stood for" in an opportunistic attempt to win the nomination.

Meanwhile after being wrong-footed for some hours by the news of the appointment yesterday the Ford campaign is now telling wavering delegates that Mr. Reagan has irreversibly compromised his position and that they should thus embrace the President. The Mississippi delegation whose 30 votes could prove critical at the convention, is reported to be upset at Mr. Reagan's move and, intent on capitalising on this, Mr. Ford's going to the State on Friday to woo them in person. His chief of staff in the State said that Sen. Schweiker is "more liberal than McGovern and the South won't stand for that."

Mr. Reagan gambled yesterday that he would hold his Right-wing support and that with Sen. Schweiker's help he could seduce northern delegates, especially in the Senator's home state of Pennsylvania, away from Mr. Ford. The Pennsylvania delegation has been thrown into an uproar by the Schweiker appointment and meets on Thursday to decide its next move, but the chairman of it said to-day that he had talked to 92 of the 103 uncommitted delegates and there was so far "absolutely no slippage in their support for Mr. Ford."

Senator Schweiker brushed this aside this morning and told a television interviewer that it will be at least ten days before his impact on uncommitted delegates becomes clear. He said he was confident that in the three weeks before the convention he could persuade enough of them to support Mr. Reagan to deny the President the nomination. But he conceded that, "for the moment" Mr. Reagan is just behind Mr. Ford even though the Reagan campaign staff have in the past week taken to claiming that they are just ahead. Most observers still think that Mr. Ford may be about 15 firm delegates short of the 1,130 he needs, but they consider Mr. Reagan still has a chance to snatch some of this support away from Mr. Ford.

U.S. trade back in deficit

BY DAVID BELL WASHINGTON, July 27.

THE U.S. balance of trade swung back into deficit last month after a 35 per cent. rise in oil imports from the month before and more modest increases in other overseas purchases combined do give the country is fifth deficit in the past six months.

In May an unexpected fall in oil imports was largely responsible for a $396m. trade surplus—the first of the year. But last month oil imports rose by 35 per cent. to total nearly $2.7bn. and this played a major role in converting the surplus into a deficit of $377.3m. Imports of most other goods also rose with the largest gains coming in manufactured goods, food, live animals and raw materials.

Total imports jumped 9.9 per cent.—the largest monthly increase for nearly a year—and for the first time last month U.S. imports passed the $10bn. mark. Exports increased by only 1.4 per cent. to a total of $9.72bn. and over the first six months of the year imports have now exceeded exports by more than $1.05bn. in marked contrast to the $5.05bn. surplus in the corresponding period of last year.

The rise in oil imports, which analysts cited as a further sign that the economic recovery is continuing, was predicted last month when commerce department officials noted that the May drop of $676m. in the oil import figure was a one-month aberration

The continuing growth in the U.S. trade deficit is likely to be welcomed in Europe where it has already had an effect, but there is sure to be concern here about the ever-increasing U.S. independence on foreign oil supplies which the figures underline. Some experts believe that when the price of oil begins to rise—as it is set to do—in the autumn the oil import figure will stop rising but, even if it does, there are fears here that the U.S. is now more vulnerable than ever before to pressure from the oil producing countries.

Burns tightens money supply

BY JAY PALMER

DR. ARTHUR BURNS, chairman of the Federal Reserve Board, to-day announced a tightening of U.S. monetary policy as part of the continuing battle to avoid any burst of inflation as the economic recovery continues. At the same time, Dr. Burns insisted that he remained optimistic about recent developments and added: "The economy seems poised for further advances."

Speaking before the House Banking Committee. Dr. Burns said the Federal Reserve had lowered its long-term targets for the growth of two measures of money supply—M-2 and M-3. He stressed that the Fed's target for the narrowly defined M-1 remained unchanged.

Dr. Burns said that the Fed's open market committee last week set its goal for the current year a range of growth for M-2 of between 7½ per cent. to 9½ per cent., a cut of half a percentage point in the previous upper boundary.

The upper boundary for M-3 was reduced at the same time a full percentage point setting a new growth range of between 9 per cent. and 11 per cent. The M-1 target growth remained at between 4½ per cent. and 7 per cent.

M-1 is a measure of all cash and chequing accounts. M-2 includes M-1 and adds time and savings accounts at the commercial banks but leaves out large certificates of deposit. M-3 includes deposits at savings banks and thrift institutions.

Later Dr. Burns added that he expects the U.S. real growth national product, that is adjusted for inflation, to continue to grow at 6.8 per cent. annually during the second six months of this year. The 1977 GNP growth he said will be somewhat above 6 per cent. although he refused to say whether it would exceed this year's rate.

This Federal Reserve move to tighten credit came as no surprise to the market which was expecting some sort of move along these lines to take account of the continuing acceleration in the U.S. economic recovery. Analysts noted that because of an increase in the velocity of money as recovery picks up, the rate of growth of money supply needed to sustain the recovery becomes smaller.

Over the last six months the growth rates of both M-2 and M-3 have fallen well within the lower ranges of Fed target levels and the decision to lower those targets now obviously reflects a conviction that their growth can be slowed further. However, the growth of M-1 has failed to grow as fast as the Fed might have liked and consequently that target is obviously being left unchanged.

Dealers in the market were quick to note that only longer range targets had been changed and that this new Fed stance need not necessarily portend any immediate leap in short-term interest rates. In the New York market to-day most rates were fairly stable.

Oil companies Bill doubt

BY DAVID BELL WASHINGTON, July 27.

THE U.S. Senate may well not have enough time this year to vote on the controversial Bill which would break up the nation's 18 largest oil companies, Senator Mike Mansfield, the leader of the senate, said last night.

Under the terms of the Bill, which was approved in the Senate Judiciary Committee by only one vote, the 18 companies including BP, Sohio and Shell would have to concentrate on production and refining, transportation or marketing but could not be involved in more than one of these sectors. If it becomes law they would, effectively, cease to be integrated oil companies.

Since the Bill's passage by the committee support for it on the Hill appears to have been on the wane partly because of the lobbying campaign now being carried out by the American petroleum institute but also because it is widely felt that the whole issue should be reconsidered after the election when it will be clear whether or not there is a President who is even remotely sympathetic to the Bill's aims.

EUROPEAN NEWS

EEC sea law stance respects U.K. conce

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT BRUSSELS,

BRITAIN'S CONCERN about preserving its legal authority over North Sea oil and gas resources has been respected in a framework Agreement drawn up by Foreign Ministers of the Nine to-day for a joint EEC position at next month's United Nations Law of the Sea Conference.

At the same time, the Foreign Ministers gave their final approval to an EEC declaration of intent to decide by October 1 on the provisions for a unilateral extension of Community fishing limits to 200 miles.

Mr. Roy Hattersley, Minister of State at the Foreign Office, said that both decisions were acceptable to the U.K. He added that Foreign Office legal advisers had assured him that Britain's interests would be "preserved absolutely" under the formula for a joint EEC position at the U.N. Conference.

At last week's Foreign Ministers' Council Meeting, Britain baulked at approving a draft for a joint position because of efforts by other member Government, notably the Dutch, to link the treatment of the outer continental shelf extending beyond a future 200-mile EEC "economic zone" explicitly with the application of Community law.

All mention of such a link, which Britain fears could call into question its future jurisdiction over North Sea resources, has been dropped from to-day's agreement, which leaves open the issue of who will have jurisdiction over the outer continental shelf.

In defence of its position, British representatives argued at last week's Foreign Ministers' meeting that this question should properly be resolved inside the Community and had no place at the UN Conference, which is due to open on August 2 in New York.

To-day's agreement also recognises the need to establish suitable international authorities to supervise exploitation of the sea-bed. It is expected that this, and other points in the framework agreement, will be fleshed out in further discussions inside the Community in the coming days.

The last obstacle to the EEC's Declaration of Intent on fishing limits was cleared out of the way when Ireland dropped a demand that the text include a clause specifying that the Agreement in no way prejudged the question of jurisdiction over the continental shelf.

Instead, a paragraph to, this effect was written into the minutes of the meeting. This satisfied reservations on the part of the French Government, which had withheld its fin[...]
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Franc rises after hints of economic measures

By Robert Mauthner

PARIS, July 27.

AMID persistent indications that the French Government is planning new measures to dampen price and wage prices, the franc to-day staged a modest recovery on the Paris foreign exchange market, after hitting a 14-month low yesterday.

At the close, it had hardened to 4.9285 to the dollar, as against 4.95 yesterday, a reflection both of the higher domestic interest rates imposed by the authorities and more favourable price trends.

Though the official cost-of-living index for June has not yet been published, M. Jean-Pierre Fourcade, the Finance Minister, predicted to-day that the monthly rise will be no more than 0.5 per cent. compared with 0.7 per cent. in May. This would make the total increase for the first six months of this year about 4.7 per cent.—a respectable figure when set against British and Italian inflation rates, but still twice as much as that of West Germany, France's main trading partner.

While it is now certain that the Government is not contemplating a fully-fledged incomes policy on British lines—M. Jacques Chirac, the Prime Minister said last night that a wages prices freeze was contrary to French practice and psychology—it will certainly try to strengthen its anti-inflationary arsenal, now dependent on monetary and budgetary weapons, with more direct action on prices and wages.

M. Chirac cautiously spelled out the broad lines of such a policy, which he frankly described as one of the "stick and carrot" in a TV interview last night. It would be based on a flexible system of negotiated contracts, with different industrial and retail sectors, which would limit price rises without imposing "unbearable constraints."

Wage rises would also be restricted but not to the extent of undermining present levels of purchasing power, and the policy of improving the lot of the lowest-paid worker would be maintained.

All this is still very vague and is a reflection of the small room for manoeuvre which the Government has in implementing its policy in the face of fierce opposition from the Left-wing trade unions.

The reaction of union leaders to the suggestions made on this score by a number of Ministers over the past few days has shown that the Government will have to tread very warily. It was scandalous, said an official of France's largest trade union, the Communist-led CGT, to hold wage-earners suffering from a continuous decline in their purchasing power responsible for the present high rate of inflation.

The Government would do better, he said, to reduce VAT on a number of essential goods and take energetic action against speculators.

Greece shows negotiating hand

BY OUR OWN CORRESPONDENT BRUSSELS, July 27.

GREECE to-day marked the opening of formal negotiations on its entry into the EEC with a sweeping declaration of fidelity to the Community's ideals and principles and a list of broad demands for economic concessions during the transitional period immediately following accession.

In a speech to the EEC Council of Foreign Ministers here the Greek Minister for Co-ordination, Mr. Panayotis Papaligouras, who will lead his Government's negotiating team, also appealed to the Community to complete negotiations within the shortest possible time.

Though the Greek Government is known to hope that it will be able to join the EEC by 1979 or 1980, he did not mention any specific date in his speech. There was no mention at all of any time-table in the opening statements by the Dutch Foreign Minister and president of the EEC council of ministers, Mr. Max van der Stoel or the president of the EEC Commission, M. Francois-Xavier Ortoli.

Mr. van der Stoel, observing that to-day's ceremony marked "a great leap forward in Community history," warned that future enlargement must lead to a further strengthening of the EEC and not to the weakening of its institutions and its scope for action.

He referred only obliquely to the EEC's links with Turkey, which are currently undergoing some strain, pointing out that the Community had also concluded association agreements with other Mediterranean countries which could lead to "even closer relationships with these countries in the future."

The Greek Minister's candid enumeration of economic sectors where his country believed that it needed special treatment and its proposal for a five year transition period in which to integrate its economy with the rest of the EEC have been welcomed by EEC Commission officials. It is felt in Brussels that, though tough bargaining undoubtedly lies ahead, the Greek Government has avoided many potential problems by laying its cards on the table at an early stage.

It is expected that some of the most intensive negotiations will be over agriculture. The Greek government is seeking a waiver permitting it to bring its agricultural prices into line with EEC prices over the transition period together with assistance, if necessary, in meeting the high cost of transporting agricultural exports.

While supporting the general principle of encouraging more efficient farming in the Community, Mr. Papaligouras expressed doubt about how rapidly Greece could move towards larger farm units without social dislocations resulting.

On the industrial front, he asked that the development of Greece's economy be encouraged by its designation as a special case by the EEC regional and social funds and by a derogation permitting it to retain certain industrial tax concessions. He also indicated that Greece's infant steel industry would probably need some special help.

Aegean airspace talks delayed

BY OUR ATHENS CORRESPONDENT ANKARA, July 27.

GREECE has indefinitely postponed its talks with Turkey on the Aegean air space problem, a Foreign Ministry source said here to-day.

The talks, the sixth in the series, were to have opened in Paris yesterday but on Sunday Greece said that they would not be held because its chief negotiator was unwell.

The Foreign Ministry here believes, however, that Athens cancelled the session due to its chagrin with Ankara over the recent Aegean Sea oil dispute.

The postponement led to fears that the same fate might await the Turco-Greek negotiations on the continental shelf issue. Two rounds of these have also taken place

GREEK AND AMERICAN officials to-day started yet another round of talks on the future status of U.S. military bases in Greece.

The review of the status of the bases became necessary after Greece's withdrawal from Nato's military structure in August 1974. The bases operate under bilateral agreements but come under the Nato umbrella.

The opposition Panhellenic Socialist Movement of Mr. Andreas Papandreou and the Greek Communist Party have been campaigning for the abolition of the bases. But Premier Constantine Karamanlis, who has repeatedly stated that Greece belongs to the western camp, has said that those bases which serve Greek defence interests will be allowed to operate.

Mr. Petros Calogeras, who holds the rank of ambassador at the Greek Foreign Ministry, and Mr. Monteagle Stearns, councellor of the U.S. Embassy in Athens, head the respective delegations at the talks which began in February 1975 and have alternatively been held in Athens and Washington. The two delegations held a preliminary session yesterday to draw up the agenda for their sixth round of talks which is expected to last about three weeks.

In April, 1975 the two countries agreed to terminate home-porting facilities for the U.S. Sixth Fleet in Greece. This has helped the Americans keep a low profile in view of anti-American sentiment which has developed over the years because of alleged U.S. support of the fallen Greek Military Junta and of Turkey in its disputes with Greece. The two sides have also agreed that all bases which will continue to operate will be placed under Greek command and that American personnel at these bases will gradually be replaced with Greeks where possible.

Lip workers pocket watches

BY ROBERT MAUTHNER PARIS, July 27

POLITICIANS are often proved wrong, but usually their utterances are quickly forgotten. Not so in the case of M. Pierre Messmer, the former French Prime Minister, who in one of the rashest statements of his career declared three years ago that Lip, the lame-duck French watchmaking company, was "fini."

In the latest instalment of the longest serial in recent French industrial history, the workers of the Besancon company, which was declared bankrupt in May, have removed and hidden Lip's entire stock of watches, valued at more than Frs.20m. (about £2.3m.) as a bargaining counter in their fight against the factory's closure.

According to local trade union leaders, who sharply criticised the French authorities for their "passivity," negotiations are under way to sell the Lip brand name to a Swiss company, possibly Ebauches SA, which once controlled Lip and still had a 34 per cent. stake in its holding company at the time it was declared bankrupt.

Last night's action by the 900-strong Lip workforce is something of a repeat performance of their "revolt" in 1973, when the company was first threatened with bankruptcy and closure. This time, however, there is no question of continuing the production of watches, or organising their direct sale to the public.

The chances of the Lip workers winning a second battle to save their company appear almost negligible. Lip, which made a Frs.15m. loss in 1975, in addition to heavy accumulated debts, has proved to be unviable in spite of a massive Government-inspired rescue operation launched early this year.

Milan to gas dang zone is widened

By Anthony Robinso[...]

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OECD report on the economic outlook: a call for moderate expansi

BY REGINALD DALE PARIS, July

WITH THE world economic recovery well under way, experts at the Organisation for Economic Co-operation and Development in Paris are reasonably confident that the upturn is not in immediate danger of running out of control. The following are extracts from the Organisation's latest report on the economic outlook, published here to-day:

"The OECD economy is approaching the stage at which recovery frequently starts getting out of hand. There are encouraging signs that, this time, the danger will be averted. Recovery gathered pace in the first half of 1976 and became more generalised, with unemployment starting to edge down in some countries from a post-war peak. But the expansion up to mid-1977 depicted in the latest issue of Economic Outlook is moderate by past standards, with GNP expanding by about 5 per cent. in the year ahead. OECD Governments have made clear their belief that such moderation is essential to avoid a new burst of inflation on top of a price rise that is already high, and to ensure that economic growth is sustained over the medium term. The achievement of steady growth, combining progressive declines in both unemployment and inflation rates, depends on the ability of Government to maintain cautious demand management policies over the rest of the decade.

THE FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscriptions $167.00 (air freight) $334.00 (air mail) per annum. Second class postage paid at New York, N.Y.

If the right policies are followed, the strategy of ensuring that the economy of each country expands moderately—but not excessively—above the normal rate of capacity growth, and that inflation is progressively reduced, could permit an average annual growth of real GNP over the OECD area as a whole of 5 per cent. or somewhat more over the five years 1976 to 1980.

A growing number of countries are coming to the conclusion that something in addition to demand management is needed if the rise in prices is to be brought down to a more acceptable level. Despite the difficulties involved, many countries believe that, to obtain the necessary degree of social consensus as to the conditions for economic progress, some form of an incomes policy will be necessary, with more regular contacts between the authorities, labour and management to develop clearer mutual understanding.

There is also the problem of how to alleviate unemployment in the period before full employment is restored; a variety of labour market policies and income maintenance measures will be required. The divergencies between the economic performance of individual countries must be reduced, with the less successful realigning themselves on the standard set by the stronger: a continuation of widely dispersed inflation rates, probably involving persistent external imbalances and exchange rate instability, could endanger the viability of the growth scenario. One possible scenario which the OECD argues is that the expansion now expected is considerably different from the 1972-73 cyclical episode. Not only is the speed of the forecast recovery less rapid, but the cyclical starting position is considerably lower. Demand management policies are generally more cautious than in the previous upturn. "Investment is expected to be less buoyant because of the current low utilisation rates and the need to restore liquidity and balance-sheet positions." Private consumption too, is "forecast to rise by less than in the previous recovery periods, partly because the uncertainties engendered by the recent unprecedented recession make for a relatively slow resumption of consumer spending." In contrast, the contribution from stockbuilding to the rise in real output is expected to be more important than in the 1972 upswing.

ONE POSSIBLE SCENARIO

	Growth total output average annual % 1975-80	Inflation rate % change from 1979-80	Potential unemployment % in 1980
Canada ...	6	5.5	4.5
U.S.	5.75	4.5	5.5
Japan	7	6	2-2.5
France	6	6	3-3.5
Germany ...	5	4	1.5-2
Italy	4.5	7	5-5.5
U.K.	3.5	6	4
total OECD	5.5	5	4

These are not forecasts, but "one conceivable, realistic path."

United States

A "rather steady rise in real GNP at an annual rate of around 6 per cent. is expected between the first halves of 1976 and 1977. During most of 1976 the upswing would be led by buoyant private consumption and inventory accumulation," and in the first half of 1977, when these two components lose momentum, business fixed investment is likely to emerge as a source of strength. Although output can be expected to grow faster than potential (estimated at around 4 per cent.), the decline in unemployment may be rather gradual. At the same time, some acceleration in prices from the low rates recorded in the first quarter seems inevitable. "The external account may swing from a surplus of $13bn. (annual rate) in the second half of 1975 to a deficit of $7bn. in the first half of 1977."

Japan

The current upswing is projected to continue to mid-1977. Unemployment may edge down only slowly from 2.1 per cent. (seasonally adjusted) in the first quarter of 1976 to approximately 1.7 per cent. by mid-1977. A higher rate of increase in consumer prices is expected for the second half of 1976, followed by some deceleration in the first half of 1977. The current account surplus, which in the first five months of 1976 was running at a seasonally adjusted rate of about $6bn., is expected to be progressively reduced in the period to mid-1977.

Germany

Real GNP is expected to advance at a rate of close to 4 per cent. in the coming 12 months. A reduction in unemployment to 4½ per cent. by the end of 1976 seems likely. Despite the recent deceleration in wage settlements to around 5½ per cent., the total wage and salary bill could grow by about 8 per cent. this year. The private consumption deflator is forecast to accelerate to an annual rate of 5 per cent. in the first half of 1977 from about 4 per cent. a year earlier. The current external account, in surplus by some $1.25bn. in the first half of this year, may move into approximate balance a year later.

France

In the 12 months to mid-1977 GNP growth may be of the order of 4½ per cent. The growth of final domestic demand is however, forecast to accelerate steadily from an annual rate of under 3 per cent. in the first half of 1976 to one of over 4 per cent. in the first half of 1977. The rate of increase of consumer prices might go up from 9.4 per cent. in annual terms in the second half of 1975 to 12 per cent. in the second half of 1976. Apart from the deterioration of foreign trade in volume terms due to a rise in imports, the terms of trade will probably become less favourable, reflecting the rise in world prices of raw materials and the decline in the effective exchange rate of the franc. This could lead to a current account deficit of the order of $2.75bn. in 1976.

Britain

Real GDP is forecast to remain sluggish during the remainder of 1976 before regaining momentum around the turn of the year, the growth rate reaching 3½ per cent., annual rate, in the first half of 1977. Despite the upturn, unemployment may continue to rise during 1976, although probably even more slowly than since the end of 1975. The annual rate of increase of consumer prices could be brought down to around 7½ per cent. in the second quarter of 1977—about half the expected rate in the first half of 1976. Externally, the current deficit may come down to about $2.5m. in 1976.

Italy

Prospects for the Italian economy are very uncertain but the year-to-year rise in real GDP may be of the order of 1½ per cent. in 1976. The fall in employment recorded in early 1976 is likely to continue throughout the year. The rise in prices, which accelerated strongly in recent months seems likely to remain rapid during the rest of the year. The current balance (seasonally adjusted) could reach equilibrium towards the end of 1976, and swing into surplus in the first half of 1977.

Canada

Expansion can be expected to continue through 1976 and into 1977. On present indications, the pace of recovery, about 4½ per cent. through the period to mid-1977, will be slower than in earlier upswings. Year-on-year, consumer prices may decelerate from 10.6 per cent. in 1975 to about 8 per cent. in 1976. An expected improvement in the terms of trade would slightly reduce the current deficit. But the defi[cit] unlikely to amount to [...] than $5bn. in 1976.

The res[...]

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OVERSEAS NEWS

·ormer premier Tanaka held

CHARLES SMITH TOKYO, July 27.

RREST of former Prime r Kakuei Tanaka this ȝ on suspicion of involve- n the Lockheed bribery uld set off a chain reac- scandal within Japan's Liberal Democratic Party consequences might be ore serious than Lock- elf. Mr. Tanaka has been with the technical crime ting the foreign exchange

ıus probably represents tral figure in the Lock- ase and his conviction nark the logical end to anese police investiga- o the affair. However, a strong possibility that aka may react to his own downfall by turning the : on Liberal Democratic who have received pay- m sources other than d

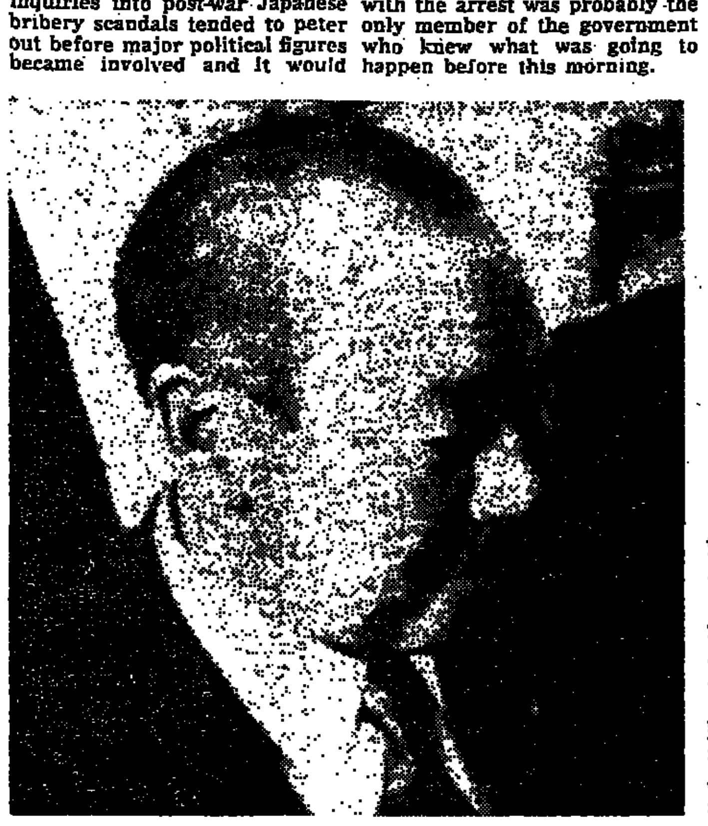
ese conservative politi- ve long been known to m undeclared sources of some of it originating Japan itself. Close links the Liberal Democratic d other right wing Asian ents such as the Park n Korea and President ; government in Indo- ve made it possible for flow into Japan from ountries, although the ıave never been more ted at in the Japanese

Tanaka chose to talk on er issues of Japaese corruption while being d on the Lockheed e potential casualties ıclude many of the op leaders with the of the prime minister, o Miki, who is widely to be non-corrupt.

litical corruption exem- Lockheed could be veral LDP leaders even e personal pocketing of individual politicians is not in question. Illegal payments by Lockheed appear to have been treated as political fund contributions and handled as such by the major factions (or some of them) into which the Liberal Democratic Party is divided. This does not alter the fact that the payments broke Japan's laws on political contributions and on the bringing of foreign money into the country.

Given the possible repercussions of the Tanaka arrest the question arises as to how police inquiries into the Lockheed affair have been able to reach their present stage. Previous inquiries into post-war Japanese bribery scandals tended to peter out before major political figures became involved and it would not have been surprising if the same thing had happened with Lockheed.

The difference this time appears to be that Mr. Miki used his full authority as Prime Minister to have the case followed through to a conclusion and police inquiries have thus not been politically inhibited. Mr. Miki himself, however, was not informed that the Tanaka arrest was about to take place until immediately before the actual event. The Minister of Justice, Mr. Isamu Inaba, who said to-day that he authorised the Tokyo public prosecutor to go ahead with the arrest was probably the only member of the government who knew what was going to happen before this morning.



So far as any guess can be made about what happens next the prospects would seem to be (1) that Mr. Miki himself may have to resign once the dust has settled from the Lockheed affair and (2) that very serious splits could occur within the Liberal Democratic Party. Mr. Miki has been unpopular with the small group of elder statesmen who run the party's internal affairs since soon after becoming Prime Minister in December 1974. His unpopularity increased markedly this summer when investigations into Lockheed began to make serious progress. He could thus be axed by the party leadership, even though public opinion, as a whole, can hardly fail to approve of the way he has handled the Lockheed affair.

If Mr. Miki is forced to resign, however, and if the Liberal Democratic Party itself is hopelessly discredited, there would be a strong possibility of Mr. Miki withdrawing from the party and taking with him a number of followers. Hints that Mr. Miki might withdraw from the LDP were being put about during the period of intra-party disorder which preceded his own nomination as Prime Minister nearly two years ago. It became clear during this time that a "middle group" including Mr. Miki's wing of the LDP and left-of-centre segments of the opposition could emerge as a new force in Japanese politics.

The Tanaka arrest could have one other major consequence. The first of these could be the serious weakening of ties between the Right wing of Japanese politics and the business establishment. These ties have been vital to the functioning of the Japanese economy in the past, because major economic policy decisions have traditionally been taken by a process of consultation involving businessmen, politicians and the bureaucracy.

:irut evacuation successful

SAN HIJAZI BEIRUT, July 27.

.REE hundred Ameri- other foreign nationals cuated from western sea to-day in what was as probably the last ration for the time

uation was carried out sport ship of the U.S. in the Mediterranean. Coronado" which was vessel that evacuated and other foreigners us in 1974 after the vasion of the island.

ronado" docked a few hore opposite a beach U.S. Embassy. A land- ocked at "bain mili- the seafront, picked uees and ferried them ther ship. They are rrive in Athens on

ee fifths of those who red to go turned up at e point, the Riviera ch is only a walking om the Embassy.

uation by sea followed by the Embassy a o organise a car con- amascus because the onsidered unsafe. the evacuees to-day Americans, about 20 izens—the rest were 20 other foreign s.

he second American- evacuation by sea.), the "USS Spiegel so of the American acuated over 200 and other foreign om the same spot. Embassy had organ- car convoys to

first time, to-day's as carried out under ion of units of the iberation Army and an guerilla group.

their peaceful feel- terillas placed roses les of their machine e of the Palestinian officers went aboard the landing craft and had coffee with the American crew.

The last to go aboard was Mr. Talcott Seelye, the Special U.S. envoy sent by President Gerald Ford in the wake of the assassination here last month of Ambassador Francis Meloy, his economic counsellor, Mr. Robert Waring, and their Lebanese driver. Of an original 150 officials at the U.S. Embassy, only 15 are left. Of the 15, 12 are Marine guards protecting the Embassy which is located in a Moslem-controlled area.

Meanwhile, Palestinian and leftist leaders to-day were considering what was described as a draft plan for solving the Lebanese crisis which was said to have been worked out during five days of talks in Damascus between Syrian Foreign Minister Abdel Halom Khaddam and Mr. Farouk Kaddoumi, the head of the political department of the Palestine Liberation Organisation.

Mr. Kaddoumi was expected back here later to-day to report to Mr. Yassir Arafat on the outcome of the talks.

Although the Palestinians were reported to have agreed in principle to the plan, the Left-wing Moslem Alliance under Mr. Kamal Jumblat was said to have expressed reservations because the proposals did not provide for withdrawal of Syrian troops from Lebanon.

The draft plan was not disclosed officially, but reports in the Press said it provided for a ceasefire on all Lebanese fronts, and the setting up of a joint Palestinian-Syrian-Lebanese committee to enforce the truce under the supervision of the Arab League. Gunmen are to withdraw from the streets and public places within one week from date of the ceasefire, after which Lebanese leaders will join a round-table conference under President-elect Elias Sarkis.

The conference will try to solve the 16-month-old crisis. Regarding the Palestinian presence here, the draft subjects it to the proisions of the 1969 "Cairo agreement" between the PLO and the Lebanese authorities.

The draft, Press reports said, specifically forbids the Palestinians from meddling in Lebanese internal affairs and calls for removal of heavy weapons from Palestinian refugee camps, which, however, will remain under PLO control.

Observers said that on acceptance or rejection of the plan will very much depend whether the situation here will ease up or deteriorate.

The draft was carried to right-wing leaders under President Suleiman Franjieh yesterday by a special envoy of Syrian President Hafez Al Assad. The Right-wingers were reported to have expressed their own reservations, which have not been revealed.

● UPI writes from Washington: President Ford, monitoring the successful departure of the evacuees from Lebanon, was "pleased" with the results on Tuesday and thanked those responsible, including the Palestine Liberation Organisation.

RESCUE workers in the Tel Al Zaatar Palestinian refugee camp have recovered 150 bodies from the underground shelter of a building which collapsed under right-wing shellfire last Saturday, a Palestinian spokesman said yesterday, reports Reuter. He said that between 100 and 150 more bodies were thought to be buried under the debris of the building and that no more survivors were expected to be found.

Sadat asks for more Arab money

PRESIDENT Anwar Sadat has urged oil-rich Arab states to provide his Government with $12bn. in order to solve Egypt's economic problems for good, UPI reports from Cairo.

Speaking at Alexandria University on Monday night, Mr. Sadat said a $2bn. fund set up by four Arab countries was not enough.

The two-hour speech was devoted mainly to domestic questions. But the President went on to say: "While declaring gratitude for the assistance extended by our brothers, I must say the fund should take a different form. What we need is between $10bn. and $12bn., and not $2bn., over the next five years."

An agreement setting up the fund was initialled on July 18 by the finance ministers of Saudi Arabia, Kuwait, the United Arab Emirates and Qatar. The full signing ceremony is scheduled for August 18.

It was the first time Mr. Sadat publicly complained against what Egyptians consider the tight-fistedness of oil-rich Arab states. But the complaint had appeared frequently on the pages of Cairo newspapers, despite the millions of dollars Egypt received in aid since the 1973 Arab-Israeli war.

Frelimo raids 'inside Rhodesia'

Frelimo troops crossed from Mozambique into Rhodesia last Friday and attacked targets inside the nation, a Rhodesian Defence Ministry spokesman said yesterday, reports UPI from Salisbury.

The spokesman did not identify the targets nor where the incident occurred, but military sources said they were likely to white-owned farms in south-eastern Rhodesia, frequent targets for black nationalist guerillas in the past few months.

Mozambique troops also fired on Rhodesian targets on Saturday, from their own side of the international boundary, the spokesman said.

FT conference on Australia

AN INTERNATIONAL conference upon the position of Australia in The World Economy is being held in Sydney on October 12-14, immediately following the meeting of the International Monetary Fund in Manila. The conference will provide a unique opportunity of outstanding importance to assess the increasingly important role of Australia in the development of trade in the Pacific Basin and of the future of the Australian economy itself in the new political climate.

Sponsored by the Financial Times, of London, the Australian Financial Review and Qantas, the Australian International Airline, the conference will provide an opportunity for a high level exchange between the international business community and the Liberal Government of Mr. Malcolm Fraser.

ON OTHER PAGES

ıth Africa may ration petrol

ART DALBY JOHANNESBURG, July 27.

IBILITY of petrol as been raised in a, although Govern- smen have declined that such a move is ing considered.

that petrol rationing inent has arisen ficial revelations that a number of options ent was considering its serious balance situation.

when the Govern- nced its package to e economy last Wed- d not include petrol Instead it embraced eposit scheme cover- cent. of all imports ase in bank rate.

there have not been s for the past two thought to be the item in the import ave increased three aree years up to the in value terms.

n estimated that oil ount to a figure of the order of of a total im- me R7bn. Already, restrictions on It is not permitted petrol after six he evenings or at fter 12 noon on til 7 a.m. on Mon-

Heunis the Minister Affairs, was to-day saying that the "was no longer same co-operation iblic on the petrol had in the past."

Banking sources do not altogether discount the possibility of petrol rationing, if the Government's other direct controls do not prove to have the remedial effect on South Africa's balance of payments, but they do not feel that such a move is imminent.

Meanwhile, white mine workers union officials said to-day they expect a majority in favour of a strike when they count the votes in the ballot which took place to-day in Johannesburg.

The 9,000 members of the union are threatening to strike over the question of a five-day week.

Approximately 19,000 other white workers, who on a rough rule of thumb are paid more than 12 times as much as black workers in the mining industry, would be affected.

It has been estimated that by white workers switching to a five-day week without compensatory labour changes would cost the mining industry over R200m. a year.

There would be much wider repercussions in the event of a strike, however, since some 400,000 blacks are employed in mining. Many gold mines are already feeling the effects on their profit margins of the fading gold price, and widespread strikes could have serious effects on the South African economy.

Angola needs technicians

PINAR DEL RIO, July 27.

DR. FIDEL CASTRO, speaking at a rally outside Havana with visiting Angolan President Agostinho Neto by his side, reiterated Cuba's military support for Angola, but said the former Portuguese African colony needed technical help more than military assistance.

He said a few hundred Cuban technicians were now working in Angola and the number would be increased to 2,000 or 3,000, or even more. Cuba was prepared to help Angola in public health, construction, education, fishing, sugar and coffee production and in other fields, he said at the rally last night, marking Cuba's national day.

Dr. Castro said a pull-out of Cuban forces was under way, but under an agreement with the Popular Movement for the Liberation of Angola (MPLA), some Cuban forces and instructors would stay in Angola until its armed forces were fully trained and equipped.

Dr. Castro also said that the MPLA's "puppet" rival movements were totally demoralised. "They wage a war of communiques telling of offensives and victories that only exist on paper, but cannot engage in fighting with the Angolan army." "Let nobody be mistaken," he added. "If there is another invasion, Cuban soldiers will fight shoulder to shoulder with their Angolan brothers."

Reuter

THE EAST AFRICAN COMMUNITY

An uneasy ménage à trois

BY QUENTIN PEEL IN NAIROBI

IN THE DUSTY tree-lined outskirts of the northern Tanzanian town of Arusha, an impressive office complex is rapidly nearing completion. The £8m. scheme, largely financed with a £5m. loan from Italy, is destined by the end of the year to become the headquarters of the East African Community, the partnership between Kenya, Tanzania and Uganda organised to run common services and supervise a common market.

The expensive irony is that many politicians and civil servants within the member states already seriously doubt whether the Community will still be alive in any meaningful form by the time the offices are completed.

A combination of political disputes, economic strains, and sheer chauvinism has reduced an organisation, which was once seen as a shining example of African co-operation and hopes for unity, into a mere shell.

For more than a year the Community's two major corporations, the railways and the harbours, have devolved in practice into independent regions. For even longer all four corporations, which include posts and telecommunications and the East African Airways, have been bedevilled by an almost total refusal of each national region to transfer surplus funds to the different headquarters.

In the past week, Kenya has introduced new regulations on its railways requiring prepayment for the transport of goods in Kenya shillings, which amounts to a unilateral declaration of independence by its railway region. At the same time Tanzania has announced its own contingency plans for running its railways and harbours independently, while Uganda has refused refuelling facilities to East African Airways, in spite of its technical one third share in the operation.

Community staff too have suffered. Most dramatically, Uganda reportedly massacred all the community radar operatives who were employed at Entebbe airport, held responsible for allowing the Israelis to land there on July 4. Other Kenyan staff employed by the Community in Kampala have fled the country, bringing with them reports of persecution and killing of their compatriots.

Kenya, in turn, has expelled Ugandans working for Community organisations such as East African Airways in Nairobi, and the harbours corporation in Mombasa. Not content with half measures, it has expelled Tanzanians too. Although Tanzania insists that it will not retaliate, in the past it has insisted that all its own immigration officials should be Tanzanian.

Political leaders in all three countries seem anxious to blame their partners for an apparent disintegration which they profess to regret. The reality is more complex, and the blame more evenly shared. Whether the wounds are mortal remains to be seen.

The imminent demise of the Community has been predicted for many months, and yet it has staggered on from one political crisis to the next. The latest bitter dispute between Kenya and Uganda, brought to a head by the Israeli raid in which President Amin accused his neighbour of complicity, is merely the most dramatic strain so far.

The Ugandan leader's belligerency dates back to the beginning of the year, when he laid claim to large tracts of western Kenya, infuriating the Government of President Kenyatta, which previously had been prepared to tolerate the unpredictable military dictator.

The significant difference from former crises is that it is Kenya which has now lost patience, for Kenya is relatively the most prosperous member, whose economic performance, and ability to attract continuing foreign investment, has kept the Community and its corporations going in the past.

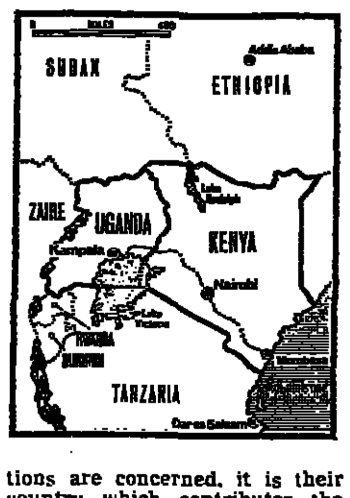
Political strains within the Community are easy to see: put together socialist Tanzania, free enterprise Kenya, and a non-ideological and effectively isolationist Uganda, and the mixture seems bound to be explosive. In the past, it was Tanzania and Uganda at loggerheads apparently on the brink of war, when in 1972 President Amin bombed towns of northern Tanzania after the abortive invasion from Tanzania of troops loyal to his predecessor, Milton Obote.

Believers in the Community, who include many of the most intelligent and sensitive thinkers in their countries, insist that the system is capable of surviving, given a modicum of political will from its leaders. They see no casual relationship between the present political instability and ideological differences, but blame it rather on ultra-nationalism.

The economic strains are harder to overcome. Figures for trade between the partners show a picture of growing divergence in prosperity. Most strikingly, Uganda's trade has collapsed completely since the accession of Idi Amin. In 1970, Uganda's imports from her partners were valued at some £24m. and exports at some £16m.; in 1975, imports totalled some £35m., while exports had collapsed to barely £2m. The biggest single factor was inevitably the 1972 expulsion of the Asian community, which decimated indigenous manufacturing industry.

Meanwhile, Kenya's industry has gone, in relative terms, from strength to strength, while Tanzania, undergoing the throes of transformation into a socialist society, has stagnated. Trade figures for Tanzania in 1975 show exports to its partners of less than £12m., compared with imports of £27m., to which Uganda actually contributed a value of less than £2,000. The trade imbalance with Kenya represented a 6.5 per cent. increase on 1974.

Undoubtedly Kenya has benefited most from the Common Market. But the Kenyans claim that as far as the corporations are concerned, it is their country which contributes the most, and gets the least in return.



An inability to agree on a fair distribution of the costs and benefits of the different systems—while all three railway regions require heavy subsidies, the ports of Mombasa and Dar es Salaam, and in recent years the East African Airways, have made substantial surpluses—has resulted in the regional headquarters refusing to remit funds to Community headquarters, which in turn meant the different corporations defaulted on their debts at the beginning of the year.

Much of the money was owing to the British Crown Agents, who act as the Community's agent and banker. Last year they actually held up supplies of spare parts to the railways until bills were paid. But it was the World Bank, in May, which finally decided to precipitate a crisis by suspending $50m. in loans in a move to force the member states to put their corporations in order.

The Community's Finance Ministers have succeeded in coming to a temporary agreement without having to tackle the thorny problem of transferring reginoal funds to respective headquarters. Instead each region will pay its debts according to an agreed formula, based on gross fixed assets: of the harbours' £8.7m. Kenya will pay 51 per cent. and Tanzania 49 per cent., for example, while of the railway's £12m. owing, Kenya agreed to pay 48 per cent., Tanzania 37 and Uganda 15. On that basis, it is understood, the corporations have succeeded in bringing up to date their payments for the first two quarters of 1976.

What happens after the end of the year officially depends on a treaty review commission, established at the end of last year under the neutral chairmanship of Mr. William Demas, president of the Caribbean Development Bank. The Community's origin is colonial, but the three states signed a new Treaty in 1967. It is that Treaty—together with the problems of the last year or so—which is now under review.

The latest crisis of confidence has been precipitated partly by the lack of progress within the Commission, as well as by the political dispute between Kenya and Uganda. Community staff see their organisation disintegrating by default because of an inability to agree on a rational decentralisation.

What they hope for is the preservation of some of the Community's most successful services, such as its research organisation, its common international telecommunications system, the East African Development Bank and the common market itself. Even East African Airways, the railways, harbours and postal systems would, they hope, be run as autonomous regions, with some sort of co-ordinating committee to keep a rational structure of fares and tariffs. Almost certainly they are being over-optimistic for the political will—certainly for as long as Amin is there and Kenya remains in its present mood—is lacking.

Few Kenyan businessmen are prepared to admit that they reap much benefit from the system. They believe that their enterprise has kept it going in the past, while Tanzania concentrated on its internal socialism, and Uganda disintegrated economically. Now their patience is exhausted.

The greatest tragedy, if the present disintegration continues, will be for landlocked Uganda. It is that country, under President Amin, which has most contributed by its own economic and political paralysis to the present situation—although it is not true that Uganda has defaulted on its debts any more than its partner states. It is Uganda which can least survive without the Community and its corporations.

WORLD TRADE NEWS

Components aid U.K. exports

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BRITAIN'S MOTOR industry exports are still rising rapidly and outstripping the increase in imports. But car imports are continuing to erode the position of the British motor manufacturers, and the last six months has seen a dramatic 50 per cent. increase of expenditure on imported cars.

These are the main points to emerge from the half-year

World Car Markets

balance sheet of imports and exports published by the Society of Motor Manufacturers and Traders yesterday.

The figures show that the U.K. motor companies in general are still highly competitive internationally, and with component and commercial vehicle exports rising rapidly in the last six months, the industry registered a record trade surplus of £908.2m., up 27 per cent. on the same period a year ago.

Despite the present inability of the British car manufacturers to beat back importers, the figures were greeted buoyantly yesterday by Mr. John Beswick, director of the SMMT, who said that they showed "that the industry is now on the upturn and taking advantage of new opportunities on world markets."

The greatest strength of the British industry at present clearly lies in the components sector, where exports have increased by 30 per cent. to £730m. Part of this increase reflects the shift of car manufacturers exporting "knock down" kits for local assembly, which are counted as components if the kit reflects less than 50 per cent. of the final value of the product.

This trend, of course, also detracts from the car export figure, although with British Leyland giving priority to overseas sales and both Ford and Vauxhall slowly increasing their Continental registrations, car exports have gone up by 32 per cent. to £326.6m.

Expenditure on car imports, however, is now running consistently over the earnings from car exports for the first time since the last war, and the industry — particularly British Leyland—is clearly anxious to return to the kind of production levels at which it can defend its home base as well as serve exports.

In the longer term there are anxieties that the component import bill will go up because of the Chrysler plan to bring in parts from France to assemble the new Alpine. But with the increasing integration of the U.S. multinationals there may be compensations in more component exports by these companies.

U.K. MOTOR INDUSTRY SALES

6 months ended June in £m.

	1976	1975	% change
Value of exports			
Cars	326.6	248.3	+32
CV's up to 3 tons	77.8	52.9	+47
Other CV's	208.4	146.6	+42
Components	730.0	560.3	+30
Other motor products	290.6	251.1	+16
All motor products	1,633.4	1,259.2	+30
Value of imports			
Cars	387.9	256.5	+51
CV's up to 3 tons	11.7	7.3	+60
Other CV's	39.7	40.7	−2
Components	237.5	188.9	+26
Other motor products	48.4	48.7	−1
All motor products	725.2	542.1	+34
Trade balance	908.2	717.1	+27

Importers' share cut in West Germany

BY ADRIAN DICKS

BONN, July 27.

VOLKSWAGEN easily maintained its lead in the West German domestic car market during the first six months of this year, accounting for 373,679 vehicles compared with 261,687 for the same period last year, out of total sales of 1,319,966 (1,129,670 a year ago). Opel took second place with a total of 283,008 vehicles registered during the first six months (191,566) and Ford was third with 197,645 (154,570) followed by Daimler-Benz with 102,901 (101,726).

Imports accounted for a smaller share of the market—22.1 per cent. against 25.8 per cent. On a country basis French manufacturers easily took the lion's share with 11.9 per cent. (14.1 per cent.) — 156,574 vehicles registered — of the total West German market. Renault, with 75,229 was again the single most successful foreign manufacturer in the West German market.

British Leyland, according to the official West German registration figures, sold fewer vehicles —6,349 against 7,044—and U.K. manufacturers as a group accounted for only 0.5 per cent. of the market, the same as last year.

VW's new range of cars continued to sell strongly, with the Golf (114,176 new registrations) the single best-selling model. To-day the company announced a series of new and more powerful variants to the range, which will be put on sale in the 1977 model year.

These new options, with engines ranging up to 110 ps., will take the top price for a Golf GTI to DM13,850 (£3,024) and for the Scirocco GLI up to DM16,795

● Automobiles Citroen said it produced 348,411 cars in the first half of 1976 against 330,205 during the same 1975 period, while utility vehicle production rose to 46,410 (37,693). Car exports totalled 180,853 units (194,226) and utility vehicle exports 17,208 (19,518), Reuter reports from Paris.

Pegel wins £203m. Saudi order

Financial Times Reporter

GUSTAV PEGEL, the West German building concern, has been awarded a £203m. contract to build a new quarter in the Saudi Arabian capital of Riyadh.

The contract involves building six-storey blocks of flats, a mosque, supermarkets, day nurseries, car parks and ancillary services — Gustav Pegel is responsible for the entire infrastructure including laying telephone cables and building roads.

The scheduled completion date is November, 1979 so building will take place 24 hours a day. A 3,500 strong labour force is being recruited from Taiwan and Korea since the skills required are not available locally. Between 400-500 technical and managerial staff are also being specially sought.

To meet the contract completion date, the West German company has established its own customs clearance area near the port of Damman; facilities for transporting freight from Damman to Riyadh; a new quarry to provide raw materials needed to manufacture reinforced concrete, plus a factory for producing reinforced concrete building components.

U.K. deficit with USSR rises

BY DAVID SATTER

MOSCOW, July 27.

BRITISH IMPORTS from the Soviet Union during the first six months of 1976 more than doubled in value compared with the first six months of 1975. Sut British exports to the Soviet Union during the same period increased in value by only a little over a third on the first half of 1975.

Figures released by the British Embassy here show that British imports from the Soviet Union had a total value of £351m. during the first six months of this year, an increase of 101 per cent. over £166.8m. in imports from the Soviet Union during the first half of 1975.

British exports for the first six months of 1976 totalled £120.9m., an increase of 34 per cent. over the £90.4m. during the first half of 1975. Total British-Soviet trade rose from £257.2m. in the first six months of 1975 to £456m. in the first half of 1976 for an increase of 77 per cent.

The trade surplus in the Soviet Union's favour increased from £76.4m. to £214.2m. Commercial sources attributed a sharp rise in British imports, particularly of diamonds, wood, furs, and oil, to the need for raw materials in the early stages of the economic recovery.

They said that some of the increases in British exports to the Soviet Union was due to payment on contract signed in the pact. Since there were no major Anglo-Soviet contracts signed last year this is not expected to be a factor in British export figures during the last six months of 1976.

The amount of Soviet exports to Britain, however, is expected to remain at a high level.

The one factor that may work in favour of British exports to the Soviet Union during the last six months of 1976 is the greater willingness of the Soviets now to make hard currency purchases. Many necessary purchases were deferred during the first two quarters of this year in the wake of last year's disastrous grain harvest. These purchases will probably be made during the third and fourth quarters of this year.

Poland

Leslie Collit writes from Berlin: Total U.K. trade with all Comecon countries, excluding Cuba, was £832,970,000 in the first half of the year, compared with £577,461,000 in the first six months last year. Imports from the area, however, soared to £511,671,000 from £301,243,000 in 1975.

U.K. trade with Poland, its second largest trading partner in Comecon after the Soviet Union, is still in surplus. Imports from Poland were up from £57.166m. in the first half of last year to £74.944m. this year. Exports to Poland rose from £87.30m. to £95.82m.

Czechoslovakia continues to rank third among the U.K.'s eastern trade partners, with U.K. imports from Czechoslovakia rising this year to £34.93m. from £28.53m. in the first half of last year. U.K. exports in the same period rose from £23.29m. to £28.34m.

Hungary has replaced the German Democratic Republic as the fourth largest Comecon importer of U.K. products, taking £23,908,000 this year against £20,842,000 last year. Hungarian exports to the U.K. increased slightly from £12,225,000 to £12,901,000.

Trade with the GDR has begun to recover to the level of 1974 after a sharp drop last year. U.K. imported £23.43m. from the GDR this year compared with £18.25m. last year. U.K. exports rose to £21.11m. this year from £16.11m.

The GDR, which has to pay off interest charges on a record amount of Western credits is reported to be negotiating new loans with Western banks. Along with the rest of Eastern Europe, the GDR is facing heavy losses in farm output this summer which one Western estimate puts as up to 30 per cent. lower than last year, when the GDR also suffered a poor harvest. This will mean increased imports of grain, soya beans and maize from the West, mainly the U.S. which shipped some 5m. tonnes worth some $650m. to the GDR last year.

Harrier deal with U.S. near

By Michael Donne, Aerospace Correspondent

A MAJOR Anglo-U.S. Harrier deal is expected to emerge in the near future, as a result of the U.S. Navy's decision, announced yesterday, to go ahead with preliminary development of an advanced version of this jump-jet fighter, the AV8-B, to supplement the AV8-As already in service with the U.S. Marine Corps.

The initial programme will involve manufacture of a small number of the AV8-Bs by McDonnell Douglas, in conjunction with Hawker Siddeley Aviation of the U.K., which has so far built all the Harriers in service with the RAF and Marine Corps.

Provided this preliminary "flight demonstration phase" proves satisfactory, the U.S. Navy intends, on behalf of the Marine Corps, to build "several hundreds" of the AV8-Bs.

At $5m. (about £2.8m.), each this programme would be worth several hundred million pounds, of which a substantial proportion would accrue to both Hawker Siddeley and Rolls-Royce in the U.K. The latter company makes the Harrier's Pegasus vertical take-off engine. Rolls will work with Pratt and Whitney of the U.S.

The difference between the earlier Harriers and the later AV-8Bs will be that the latter's performance will be virtually doubled by improvements to the wings and engine-intake areas, to enable bigger weapon loads to be carried.

Harrier orders so far placed have included 111 for the RAF in various single and two-seat versions, with another 110 for the U.S. Marine Corps. Most of these orders have already been delivered. In addition, 25 of a new variant, the Maritime Harrier, are on order for use aboard the Royal Navy's new class of through-deck cruisers later this decade.

The new U.S. requirement will help to spread the work on Harriers for some time to come, maintaining employment at Hawkers Kingston and Dunsford, Surrey, works and at Rolls-Royce's Bristol Engine Division.

Far East conferences

THE BUSINESS prospects of the countries in the Pacific Basin, their economic outlook, and the prospects for price stability and investment, will be assessed and analysed at a conference on Business in the Pacific Basin, organised by the Financial Times, to be held at the Central Bank of the Philippines, Manila on September 30 and October 1. President Ferdinand E. Marcos of the Philippines will present the opening address to the conference, and the Hon. Cesar Virata, Secretary of Finance, Philippines, will be one of the two symposium chairmen, the other being Michael von Clemm, executive director, Credit Suisse White Weld.

Meanwhile, the CBI and BOTB are jointly sponsoring, at the CBI, a one-day conference "How to Succeed in Japan—By Really Trying" on September 22. The conference will give businessmen an account of current economic developments and information about strategies of entry into the market together with the special assistance the British Overseas Trade Board can furnish to exporters. U.K. exports to Japan showed a 40 per cent. increase on the same month last year.

Australian fish

BRITISH United Trawlers of Hull announced yesterday that it intends to form a joint venture with Southern Ocean Fish Processors of Perth, Western Australia. If the current negotiations are successful BUT will initially send three fully-manned freezer trawlers with a fleet management team to Australia but the venture depends on satisfactory assurances from the Australian Federal and State Governments and from BUT's own financial advisers.

HOME NEWS

Rail policy needs to be more consistent—Mars

BY ARTHUR SMITH

Trevor ...

Sir Richard Marsh, British Rail chairman, flanked ... Peter Parker, deputy chairman, discusses the Gover... transport policy document at a London Press confe...

ACTION is needed to prevent taxpayers being faced with higher bills for a declining rail system, Sir Richard Marsh, the British Rail chairman, has warned.

A more rational and consistent policy is needed for railways, the Board maintains in its 87-page reply to the Government's transport policy consultation document.

In its report, published yesterday, BR recommends that transport demand should be forecast for at least the next 15 years. "The next step is to develop a range of options, each with a time-scale, a price tag, and a pay-off matching supply to demand on the basis of the special strengths and characteristics of the different modes of transport."

BR embarked on a series of strategic studies in 1974 to seek an answer to the fundamental question of what rail's role should be. The studies are still in progress but results so far indicate "a major continuing role for the railways."

Railfreight carryings by the year 2000 are forecast to grow by around 50 per cent. from 190m. tonnes a year now to 280m. tonnes. The growth in leisure travel is also expected to increase off-peak use of rail services.

One study has identified a hypothetical "basic railway" (the main Inter-City passenger, bulk freight and parcels flows with a long-term future) to which various "*optional extras*" can be added. The basic railway, so defined, proves to be a very substantial one. The process of evaluating additions to the system ought to be carried out jointly with the Government, the report maintains.

Arbitrary

The Board argues that the present system of financing the railway is "unsatisfactory" and that more flexible support systems should be considered.

"Because the railway system is shared by a wide variety of operations, a large proportion of the costs are joint and can only be allocated on an arbitrary basis."

The concept of using avoidable costs (the indirect charges which could be escaped if particular business activities ceased) as a base line for setting objectives should be extended beyond the freight business, the report suggests.

For freight business, BR recommends that a measure of "equity capital" should be introduced on the principle that in a year of recession a lower dividend is paid rather than the high level fixed interest under the present capital structure.

Some form of "redevelopment fund" is advocated to finance the costs of changes in policy. BR points out that changes in business policy may mean that revenue is immediately cut off but the fixed costs have to be carried until the system has adjusted.

"The Board feels that reconsideration should be given to direct support of the railway infrastructure, with costs of provision and maintenance shared by BR and Government on an agreed basis. Grants would be payable for uneconomic services retained on social grounds."

Forcing passengers off the railways by higher prices would, in many cases, cost more in national expenditure on alternative methods of travel than the *amount saved in rail support* costs.

Inter-City services, given growth through investment and a wide range of pricing, could meet full allocated costs by 1981 and start contributing to unallocated costs.

But *price increases* to meet the financial objectives put forward in the consultation document for London and South-East commuter services would lead to an estimated fall of 1- per cent. in the number of people commuting. Fares would have to rise in real terms by about 7½ per cent. each year from 1977 to 1981, in addition to increases caused by inflation.

The Board maintains that a significant proportion of the commuters would transfer to private cars; a 5 per cent. transfer would raise the level of peak hour car travel by almost 20 per cent. and cause a considerable increase in road congestion, the report suggests.

Concern is expressed by BR that, while financial targets on precise time scales are proposed for rail services, there is no timetable for matching constraints on road traffic. Such measures would be necessary to prevent damage to the environment and a failure to reach the overall financial objective, the Board maintains.

Transfer

There appears to be scope for replacing relatively expensive "branch line" rail services with buses which are integrated to the national rail network.

"The Board's studies suggest that up to 10 per cent. of passenger train miles are capable of replacement by bus services at substantially less support cost. Discussions have taken place with the National Bus Company, which agrees in principle with the idea, though naturally with provisos about its own financial situation."

"The *quid pro quo* for this transfer of some rail services to bus should be withdrawal of those coach services which compete directly with Inter-City. The benefit is the same in each case—achieving the lowest resource cost to the nation by each mode doing what it does best."

BR disputes the Government assertion that it is difficult to shift a large amount of long-distance freight traffic from road to rail. The Board maintains that the picture is "utterly distorted" by calculating ... of transfer from a bas... road traffic, including collection and deliv... ments.

"What the total r... figure obscures is the two-thirds of all roa... tonne-mileage is acco... by the truly heavy ... more than half of this tonne-miles, is made ... sits of more than 100 ...

The transfer of ... tonnes of this traffic ... duce the tonne-mileag... lorries by nearly 20 ... and of long-distan... lorries by 35 per cen...

The 116 different ... already submitted to ... for consideration fo... siding grants repre... potential transfer ... tonne-miles—4 per ce... total heavy vehicle r... mileage.

The Board believes ... short and long-term ... for the freight busin... correspondingly bri... more the terms of c... are changed to reflect ... BR points out that t... ment has confirmed ... costs of road prov... maintenance attrib... heavy lorries are su... in excess of the taxe... their use.

"Heavy road hau... freight's direct com... being subsidised by ... users, and is further ... by U.K. resistance to ... port requirements ... instance, drivers' ho... report states.

The Board argues th... liners, the Nationa... Corporation company ... it has a 49 per cen... should be returned t... ways.

"The Freightliner ... would still operate as ... subsidiary, however, t... ing the cost and disrup... to result from a major ... tional change. Retur... Freightliner company ... way would unquestio... prove the morale o... staff."

Transport Policy: ... tunity for Change; £1... Railways Board, 222 ... bone Road, London ... Abridged version, 25p

HOME NEWS

RITISH GAS—THE BUILD-UP OF CAPITAL RESERVES ● STAKE IN ONSHORE OIL

Big price rise in autumn

' RAY DAFTER, ENERGY CORRESPONDENT

ISH GAS, which returned ·ofitable trading last year, to strengthen its financial Mr. Denis Rooke, the cor-ion's new chairman, said day. This will mean a sub-al price rise this autumn perhaps, another one dur-e following year.

corporation had a trading after depreciation, of m. in the 1975-76 financial Net profit, after interest xation, was £25.1m.

result, which contrasts osses in the two previous left reserves of £84m. Mr. said it aimed to build s up to about £500m. by

equently, the British Gas be applying for as big an se as possible under the Price Code, although it abide by its promise not e charges before October. r the draft Price Code, Gas should be seeking an e of about 10 per cent. oke declined to give an nce about further price t in 1977.

new chairman, who y succeeded Sir Arthur ngton—warmly praised in nual report—also referred lems caused by national onstraint policies. These led to sudden and steep ses. "The jumps may well difficulties for some cus-

able

h Gas intends to be com-self-financing. "We are ently profitable industry. vant gas and are prepared reasonable price for it," Rooke.

e is, therefore, absolutely n why British Gas should elf-financing, thus reduc-public sector borrowing nent."

annual report and show that the corpo-vas 66 per cent. self-last year compared per cent. in 1974-75 and ent. the previous year. pital investment, how-ever, rose to £310m. from £216m. in 1974-75 and £129m. the previous year. During the current financial year it expects to spend £350m., mainly on the trans-mission system.

Mr. Rooke said that British Gas had accepted the £20m. cut under the public spending revision as "worthwhile" in the country's interest. "We are keen on inflation being beaten." The cut would largely affect work on a new trunk line planned for Northern Scotland.

Illogical

On the other hand, repeated cuts in the spending programme of energy industries would be illogical if they coincided with the stimulation of investment in the industrial sector. The result of such a policy could be an energy bottleneck.

Major factors in last year's financial improvement was a 4 per cent. increase in gas sales; a 1.54p rise per therm (from 8.17p to 9.71p) in the cost of gas: and 2.03p per therm (from 7.85p to 9.88p) in the average income from gas.

As usual the corporation refused to indicate the extent of higher gas prices now being paid by British Gas for supplies from the southern sector of the North Sea.

New contracts covering supplies from Shell/Esso's Brent Field and the Anglo/Norwegian Frigg Field involve much higher prices. Mr. Rooke said, however, that the higher prices had been planned for; they would be offset by the ending of costs involved in conversion from town to natural gas—a programme virtually completed.

Total sales of gas rose to a record 13.45bn. therms in 1975-1976, an increase of 4 per cent. Central heating installations were 4.3 per cent. up at 502,700 —69 per cent. of the total market.

Industrial sales rose by just 2.6 per cent. Apart from the industrial recession, growth was frustrated by the corporation's inability to meet the demand for large new contracts.

With the expected arrival of Frigg gas in 1977/78, British Gas has now started marketing new supplies of gas for industry either on a firm or interruptible basis.

Natural gas now supplies 17 per cent. of the U.K. demand for primary energy. In terms of the amount of heat supplied to final users, the gas industry's share of the total market last year was 27 per cent. In the domestic sector, gas was the leading fuel, supplying 40 per cent.

There were major uncertainties about the future economic situation and the timing of new gas supplies from the North Sea. Nevertheless, sales rising from 13.45bn. therms to around 18bn. therms in 1980 were forecast. Capital expenditure between 1975/76 and 1980 would exceed £1bn. at March 1976 prices.

Revenue expenditure on research and development last year was £16.1m. Consultancy fees and royalties, relating to British Gas technology, amounted to £3.6m.

Mr. Denis Rooke, British Gas chairman, reporting a trading profit at the annual report Press conference yesterday. Mr. Jack Smith, deputy chairman, is on the left.

Oil output planned in Dorset field

BRITISH GAS is planning to produce oil from the Wytch Farm field, near Poole, in Dorset, writes Ray Dafter.

The corporation has just submitted a planning application covering railhead facilities. If granted, production from the onshore field could start in the next two years.

Tentative estimates show that output will be about 3,000 barrels a day although the production profile of the field will not be known until more drilling is carried out. Test production from the field was over 79,000 barrels last year.

British Gas knows that there is a small discovery to the north of the field and tests will be carried out to see if the two reservoirs can be jointly developed.

Four appraisal wells, sunk last year, found the same oil-bearing reservoir at Wytch Farm. The area was licensed to the corporation and British Petroleum and, under the agreement, BP will have first option on any oil produced.

PROMISING

Last year total onshore oil production in Britain was about 103,000 tons, equivalent to about 2,070 barrels a day.

British Gas also intends to carry out further appraisal drilling on its promising Irish Sea gas find in the next few months. So far four wells have been sunk in the area, three of which have found gas. The corporation now hopes to drill two or three more wells, beginning in August or September.

It has also indicated that it may be seeking further exploration acreage in the fifth round of licences, the areas of which are expected to be announced shortly. It is envisaged that British Gas will again team up with the U.S. Amoco group.

South Coast hunt for oil and gas in three areas

BY RAY DAFTER

THE GOVERNMENT has designated large areas of seabed off the south and south-west coasts of Britain for future oil and gas exploration.

An additional 17,922 square kilometres, in three separate areas, have been earmarked for offshore development—one south and south-west of Cornwall and two in the English Channel—bringing the total designated area around Britain to almost 600,000 square kilometres.

The new areas are equivalent to 67 blocks: one in the eastern English Channel area; nine in mid-channel; and 57 to the south and south-west of Cornwall.

It is likely that at least part of the area will be included in the fifth round allocation of production licences. Oil companies will be told of the 50 or 60 new blocks later this week and it is expected that the concessions will be awarded in December or January.

The south-western approaches area is thought to contain a number of interesting, if complex, structures which may be oil or gas bearing. A particularly attractive structure is thought to lie along the disputed median line between Britain and France.

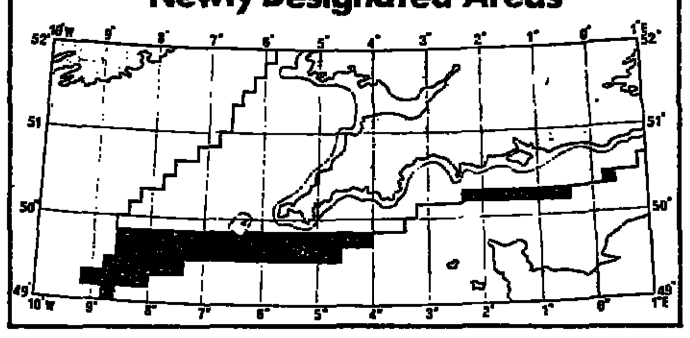
The newly-designated areas have been kept to the north of the possible line while discussions between France and Britain continue. It is likely that the line will be settled sometime next year.

Mr. Anthony Wedgwood Benn, Energy Secretary, has also granted three licences authorising the exploration of oil and gas in the South of England.

Voyager Petroleums, Graig Exploration and Denholm Exploration have been given permission to search for hydrocarbons over 1,358 square kilometres of Wiltshire, Hampshire, Kent, Surrey, East Sussex and West Sussex.

The licences, valid initially for three years, cover only the search for oil and gas to a depth of not more than 350 metres. They do not confer the right to drill for or to produce hydrocarbons.

Newly Designated Areas



State sector in mutual fuel deal

TWO STATE energy corporations—British Gas and the British National Oil Corporation —have agreed to buy basic fuel from each other.

British Gas will buy any gas produced by BNOC in offshore waters and, similarly, the latter will buy any oil produced by the gas corporation. The deals will be at an "arm's length" market price.

BNOC has already gained access to 25m. tonnes of oil by 1980 through equity involvement, and participation deals.

In addition it is likely to have a considerable amount of associated gas to dispose of from the growing list of fields in which it has a stake.

British Gas also has an appreciable stake in oil discoveries such as the Beryl and Montrose Fields.

Energy takes £107m. cut

THERE WILL be a reduction of £107m. on the capital investment programmes of the coal, gas and electricity industries in 1977-78 as a result of the public expenditure cuts, Mr. Anthony Wedgwood Benn, the Energy Secretary, said in a Commons written reply yesterday.

He said £40m. of this would be found by deferring expenditure on the steam-generating heavy water reactor (SGHWR) at Sizewell.

The electricity industry would bear a £25m. cut, the British Gas Corporation £22m. and the National Coal Board £20m.

"As a consequence of derring the SGHWR expenditure by the United Kingdom Atomic Energy Authority on research for that project will be reduced by £5m. They will also be spending £4m. less on research into the fast reactor."

ocal government £250m. er-run to be checked

LIN JONES

COPE for further s in local government this year so as to he projected over-run present estimate of to be studied by a party of Government authority officials over week to ten days.

s decided by Ministers authority leaders at meeting of the Con-Council on Local nt Finance. It is the latest in a series of moves designed to press local councils into living within the agreed "standstill" for real current spending in 1976-77.

Mr. Peter Shore, the Environment Secretary, told the council that, while some fluctuations around the planned level of expenditure might be tolerated, an over-run of £250m. or about 3 per cent. was much too large and further savings would have to be made.

He also reminded local authority leaders that the planned levels of spending in 1977-78 must be adhered to, even though this would mean reducing the rate of local spending in real terms by slightly more than this year's projected over-run.

Mr. Shore left open until after the working party had reported the sanctions he might impose through the rate support grant this year and next in order to encourage the desired economies.

S. gives approval for olls work on aero engine

HAEL DONNE, AEROSPACE CORRESPONDENT

EVELOPMENT and of a major new aero-Rolls-Royce (1971) and Whitney of the been brought a step S. State Department of the collaboration, further discussion on

ine is the 25,000 lbs 0D, initiated by Pratt. hich Rolls-Royce has ne some work. The t cost is substantial— at about £400m.—so al collaboration on it

D is designed for the ration of short-to-medium range airliners now under study by aircraft manufacturers on both sides of the Atlantic, for which big markets are expected to emerge over the next 10 to 20 years.

The proposal at present envisages Pratt having a 54 per cent. stake in the JT-10D design, development and production, Rolls-Royce 34 per cent., Motoren-und-Turbinen Union of West Germany 10 per cent., and Fiat of Italy 2 per cent.

The value of Rolls-Royce's contribution would thus be in the region of £150m., spread over several years.

This money would have to come partly from the U.K. Government in the form of launching aid, partly from Rolls-Royce's own resources, and perhaps also from the National Enterprise Board, which will also have to approve the new venture.

There are still some hurdles to clear before the venture finally goes ahead. Both Rolls-Royce and the U.K. Government will want complete clearance by the U.S. Government on the secret "core technology" of the JT-10D—the heart of the engine —before committing themselves to it.

So far, there has been a block on access to this information, imposed by the U.S. Justice and Defence Departments, but the State Department's statement appeared to indicate that such access would now be discussed among all the parties.

kers 'reluctant' over chine-tool link

NETH GOODING, INDUSTRIAL CORRESPONDENT

D of Vickers was very o get involved with owned machine-tool rney and Trecker High Court was told

ernment approached companies about d Trecker Marwin in time when a financial eration was being t was revealed.

the Vickers' view Bill Foreman, the rector, said the ere "nervous about al nature of the l business." It was or in which Vickers reviously been in-

spected there were ad because the com-no successful track Board was also very conscious of the investment in time involved for the executives dealing with KTM," added Mr. Foreman.

It required persuasion by himself and Mr. Jim Hendin, chairman of Vickers Engineering Division, to get the Vickers Board to agree to the latest scheme designed to put KTM back on its feet financially and transfer control from the Government to Vickers.

At the second day of the hearing, which is considering the scheme, Mr. Foreman mentioned a forecast that KTM would make profits of £150,000 this year.

Cross-examined by Mr. Robert Alexander, QC, acting for a company controlled by W. E. Norton, which opposes the scheme, Mr. Foreman agreed that "in more normal times KTM can be made a profitable company."

meside plea to Lords

AEL DIXON, EDUCATION CORRESPONDENT

MULLEY, Secretary ion and Science, is House of Lords for eal against the rejec-directive to the Con-trolled council of Greater Manchester ut its Labour pre-scheme for fully com-econdary schooling tive was rejected as the Court of Appeal on Monday. Mr. Mulley's further plea will be considered by the Lords Appeal Committee on Thursday.

The Education Secretary's step was immediately welcomed by the National Union of Teachers, whose spokesman in Tameside said yesterday that members would not co-operate in the process of selecting children for the 240 grammar school places which the council intends to retain.

Docks Board sees Felixstowe victory

BY JAMES McDONALD

BARRING AN adverse decision by the Court of Appeal this week in favour of European Ferries, the British Transport Docks Board seems to have won its battle with the ferries group for control of hte Felixstowe Dock and Railway Company.

A Lords Committee yesterday approved the British Transport Docks (Felixstowe) Bill, which enables the State-owned Board to take over the running of the port from the private enterprise European Ferries. Last November the BTDB made a £5.24m. bid, accepted by the Felixstowe Board, for the company, and a private member's Bill was introduced for the purchase. But in April European Ferries made a successful counter-bid of £6.4m.

Last week Lord Chief Justice Widgery in the High Court dismissed European Ferries' claim that the sale of Felixstowe to the BTDB should be declared void. An appeal by European Ferries is being heard this week. The Court of Appeal decision is expected to-day or to-morrow.

The Lords Committee, in approving the Bill, asked for assurances that Felixstowe, claimed to be one of the world's biggest private enterprise ports, would not be run down under the new BTDB management.

The Earl of Listowel, chairman of the committee, said it was satisfied that the passing of the Bill would not lead to an undesirable reduction in the competitive position of the port.

Apart from the Appeal Court, two possible snags remain before the Bill becomes law: an unsuccessful passage of the Third Reading through the Lords it has already passed through the Commons; and the Royal Assent.

The BTDB has agreed that assurances similar to those already offered to Trinity College, Cambridge, should be given to the Port Users' Association, if and when the latter becomes incorporated. These assurances relate to:

● The Board not exercising its powers under the Transport Act for the compulsory acquisition of land. "The Board has never used these powers at any of its ports."

● The Board operating the port on lines similar to those provided for in the Agreement with the Felixstowe Dock and Railway Company which is already covered in the Bill.

At a Press conference in London yesterday Sir Humphrey Browne, chairman of the BTDB, in exuberant mood, said: "The BTDB looks forward to providing Felixstowe with security and support so that it will settle down to a prosperous future."

The assurances requested by the House of Lords Committee are:

● BTDB will not seek to direct the existing traffic from Felixstowe to their other parts, it being understood that all the Board's ports will continue to compete for business, subject to the Board's overall financial policies and objectives.

● That it is the Board's intention to promote the interests of the company's port operations and their future development on the basis of opportunity.

● That it is the Board's intention that for the foreseeable future the company will continue as a statutory company under the powers in its local statutory provisions.

The Third Reading of the Bill, said Sir Humphrey—in the absence of an adverse decision by the Court of Appeal—was expected to be on September 27, and the Royal Assent expected by November 15.

"Nothing is over until the Queen has signed the Act, but we are extremely pleased that we have passed this critical stage of the proceedings."

He added that the examination by the Lords Committee took 15 days—"one of the all-time records."

● Last week Felixstowe dockers brought the port to a standstill with a strike for the first time in its history. They were protesting at the disclosure of the result of a secret ballot showing workers to be against nationalisation. Sir Humphrey said yesterday that a "derogatory" campaign had been waged against the BTDB.

June housing output highest since October

NEW HOUSEBUILDING output in June reached its highest level since last October, according to provisional figures yesterday from the Department of the Environment.

Early estimates suggest that work started on 33,000 homes last month, with both the local authority and private sectors recording increases over May. The Department estimates that council housing starts reached 17,000 in June against 16,600 in May while contractors began work on 16,000 homes for the private market, an increase of 1,400 on the month before. The combined total was almost 2,000 more than in May.

While council housing completions in June fell to an estimated 13,000 against 13,800 in May, the number of private homes completed rose from 11,000 to 14,000, one of the most encouraging totals of recent months. The combined monthly completions of 27,000 was over 2,000 up on the previous month.

Total housing starts in the second quarter of this year were 8 per cent. down on the preceding three months but showed a 13 per cent. improvement on the second quarter of 1975. Total completions were 1 per cent. up on the previous quarter and 2 per cent. better than in the same period a year earlier.

Airlines ask 8% rises on U.K. routes

FARES on major domestic air routes will rise by about 8 per cent. on November 1 if applications by the airlines are approved by the Civil Aviation Authority.

The rises, sought by British Airways, British Caledonian and British Midland Airways, follow increases of between 5 and 30 per cent.

Announcing details of the increases sought, the Authority said yesterday that on the London-Glasgow, Prestwick and Edinburgh routes British Airways and Caledonian were asking for the tourist single fare to be raised from £24 to £26, the first-class fare to go up from £35 to £39, and the "Gatwick Discount" fare to rise from £22 to £24. The stand-by Heathrow Shuttle fare at weekends would rise from £14 to £15.

On the London-Belfast route British Airways has applied for an increase from £25 to £27 in the tourist single rate, with the first-class single fare going up from £37 to £40, while the Gatwick Discount fare will rise from £23 single to £25.

Chrysler loss 'as predicted'

CHRYSLER U.K.'s losses this year will not exceed the £40m. predicted by the company at the time of the Government rescue deal last December Mr. John Riccardo, chairman of the parent Chrysler Corporation, said in Detroit yesterday.

In the first half of the year the U.K. company lost about £20m. But it should be operating at a profit next year, he said.

"We had forecast a loss of £40m. in 1976 and about half of the loss materialised as predicted in the first half. The amount for the full year will not exceed the predicted total."

U.K. shipbuilders given more orders

BY KEVIN DONE, INDUSTRIAL STAFF

THERE WAS a sharp increase in the number of orders placed with British shipbuilding yards during April-June this year. For the first time in more than two years orders approached the quarterly average of 250,000 gross tons that would be needed on a regular basis to maintain full employment in the industry.

According to figures yesterday from the Shipbuilders and Repairers National Association, U.K. yards secured orders for 39 ships, amounting to 245,900 grt, between April and June, a considerable increase on the 14 ships, of 51,600 grt, ordered in the first quarter of the year.

The industry's total order book at the end of June (excluding naval work) stood at 227 ships, 3,867,000 grt, with an estimated value of £1,083bn. A year ago the order book comprised 321 ships of 5,519,000 grt valued at £1.298bn.

One of the most encouraging features for British yards is that in the second quarter of the year they attracted a far higher percentage of orders from British shipowners.

The General Council of British Shipping said yesterday that in the first half of 1976 British owners had placed orders in the region of 90,000 grt with British yards, which amounted to about 50 per cent. of all orders. The rate of home-placed orders accelerated sharply in the second quarter.

In the 12 months of 1975 British owners placed orders for only 38,000 grt with U.K. yards, or about 11 to 12 per cent. of total orders. In terms of grt, orders given to British yards in the first half of 1976 were almost three times higher than last year's total.

This increase represented at least a partial response from shipowners to strong behind-the-scenes pressure from the Government to get them to order in Britain. But the sudden surge of orders, particularly in the second quarter, suggests that several owners were holding back until the Government's announcement in early April of the extension to British owners of its cost-inflation guarantee scheme, previously only available for ship exports.

Change of dumping law to be suggested

BY CHRISTIAN TYLER, LABOUR STAFF

MINISTERS yesterday gave a sympathetic hearing to demands for a greater union role in identifying cases of "dumping" by Britain's trade competitors.

As a result of a meeting with Mr. Edmund Dell, Trade Secretary, the Association of Scientific, Technical and Managerial Staffs will suggest how the anti-dumping rules might be changed to take account of threats to domestic employment.

The Association and its sponsored MPs, including Mr. Doug Hoyle and Mr. Ian Mikardo, asked for a system which would allow unions as well as companies, to lodge complaints against exporting countries, as they can in the U.S. Mr. Dell said there was no reason why unions should not make representations, but a change of law would be needed to allow them to lodge formal applications.

Dealing with the delegation's worries about the transfer of anti-dumping control to the EEC after July 1 next year, Mr. Dell stressed that the EEC Commission was prepared to treat dumping complaints in the context of "regions," not just of the EEC as a whole.

This point had emerged from his talks with Mr. Christopher Soames, Commissioner for external affairs, in Brussels on Monday.

Directors 'intended to defraud'

BY TERRY WILKINSON

A DEPARTMENT of Trade report into the affairs of building and development companies controlled by Mr. Gerald Israel Ronson, published yesterday, alleges that there was both intent to defraud the companies' creditors and failure to keep proper books of account.

The report concludes that neither Mr. Ronson nor his son, Mr. Howard Ronson, is a suitable person to act as a director of a company.

Mr. Gerald Israel Ronson is the uncle of Mr. Gerald Ronson, head of the Heron garage group. There are no business links between the companies.

The report, by Department of Trade Inspectors Mr. R. G. Waterhouse and Mr. J. C. Steare, was completed in July last year after a six-year investigation. The inspectors describe their inquiry as "painfully and embarrassingly prolonged because of the complexity and disorder of these companies' affairs."

Board of Trade inspectors were appointed in July 1969, after complaints from house buyers and building societies concerning the quality of work carried out by two companies, Dwell Constructions and Yorks and Lancs Construction Company.

Sub-contractors to the companies had complained that they were being unjustifiably refused payment for work carried out.

In June 1969 the National House Building Council struck the two companies from their national register of house builders. After petitions for the winding up of Dwell and Yorks and Lancs by their creditors—mainly the sub-contractors—in the following month, liquidators were appointed in October.

The inspectors say the failure of both Dwell and Yorks and Lancs "is directly attributable to gross mismanagement on the part of their two effective directors, Mr. Gerald Ronson (the chairman) and Mr. Howard Ronson (the managing director)."

In the view of the inspectors, from about the autumn of 1968 until the companies ceased trading the two Ronsons "were knowingly parties to the carrying on of the business of both companies with intent to defraud the companies' creditors." The inspectors cite the placing of fresh orders with sub-contractors when the Ronsons were aware of the companies' lack of funds.

In a further criticism the inspectors say the companies "failed to keep proper books of account."

The inspectors say there is no evidence "of other acts of misfeasance or breach of trust by the directors of the building companies nor any evidence of any fraudulent or dishonest dispositions of the companies' property."

While being reluctantly compelled to the view that "neither of them is a suitable person at the present time to act as a director of a company," the inspectors also point out that the Ronsons have "denied vehemently" the inspectors' conclusions that they had any intention to defraud or failed to keep proper books of accounts.

Beer sales slip 4%

BY KENNETH GOODING

BEER SALES fell 4 per cent. from the 1975 level during one week of the recent heatwave, a Brewers Society analysis has shown.

But two other weeks picked for comparison showed increases in sales of 15 per cent. and 23 per cent.

The special factor which upset the results for the first week examined was distribution problems at Courage's Avonmouth depot.

As might be expected the society's exercise showed huge increases in sales of lager. The rises were 21 per cent., 60 per cent. and 80 per cent. for the three weeks compared with the 1975 figures.

This resulted in lager's percentage of beer sales during those weeks jumping 22 per cent., 27 per cent. and 40 per cent.

In spite of the rise in sales during the extraordinarily hot spell many industry observers are sticking to their forecast that beer production will fall about 1 per cent. this year.

The May production (as distinct from sales) statistics soon to be published will show output 1.43 per cent. higher than in May last year at 3.47m. bulk barrels (288 pints to the barrel). As there was one working day less in May this year the effective daily production rate rose a respectable 6.5 per cent.

Ferranti wins Army contract

By Our Defence Correspondent

THE FERRANTI Inertial Systems Department has been awarded a multi-million pound contract from the Ministry of Defence for production of a new survey and navigation system for the British Army.

Developed from the Ferranti inertial navigation platform already in service with Harrier and Phantom aircraft of the RAF, the device is called Position and Azimuth Determining System. It has been developed to meet an Army requirement for rapid, accurate survey work for the Royal Artillery.

APPOINTMENTS

EDUCATIONAL

CONTRACTS AND TENDERS

COMPANY ANNOUNCEMENTS

POLYSAR LIMITED

W. A. CRITCHLEY, C.A.

I. C. Rush, President, Polysar Limited, is pleased to announce the appointment of William A. Critchley as *Vice-President, Finance.*

In his new role, Mr. Critchley will be assuming responsibility for the Control, Treasury, Internal Audit and Legal functions. Prior to joining Polysar he was an International executive with a leading multinational company.

Polysar Limited of Sarnia, Canada, is a world-wide producer and marketer of synthetic rubbers, latices, plastics and petrochemicals.

LEGAL NOTICES

No. 002494 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ROWE FOY INVESTMENTS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 22nd day of July 1976, presented to the said Court by IMPERIAL TOBACCO (IMPORTS) LIMITED whose Registered Office is at P.O. Box 18, North Way, Andover in the County of Hants—Cigar Importers, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 4th day of October 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

TROWER, STILL & KEELING,
5, New Square, Lincoln's Inn,
London, W.C.2 (Ref: RGW/AJB).
Agents for: C. R. JONES,
Bedminster, Bristol, BS3 ?JR.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 1st day of October 1976.

PUBLIC NOTICES

THE MIDDLE EAST

Richard Purdy and Maureen Webb are no longer associated with the monthly magazine The Middle East. They would like to express their thanks to the many people who have helped and contributed to the publication in the past two years.

46, Anson Road, London N7

CYPRUS
INJURY TO PERSONS, LOSSES OF OR DAMAGE TO PROPERTY IN CYPRUS DURING AND FOLLOWING THE 1974 DISTURBANCES

UK nationals who suffered injury or loss of or damage to property during the 1974 disturbances in Cyprus and who HAVE NOT PREVIOUSLY brought their *injury or losses to the notice of the* Foreign and Commonwealth Office or British High Commission in Nicosia are invited to communicate with the Cyprus Property Register, Claims Department Foreign and Commonwealth Office, 5-11 Regent Street, London SW1Y 4LU for information about developments in the efforts of Her Majesty's Government with the authorities concerned to see that procedures are established for the consideration of claims.

Those who have already been in correspondence with the Foreign and Commonwealth Office or British High Commission in Nicosia on this subject NEED NOT respond to this notice. Members of HM Armed Forces and HM Government civilian personnel who were serving in Cyprus at the time of the 1974 disturbances SHOULD NOT respond to this notice.

EAST SUSSEX COUNTY COUNCIL
£4M Bills issued today due 27th October 1976 at 10½% p.a. Applications totalled £43M. Total outstanding £8M.

STRATHCLYDE REGIONAL COUNCIL
£6,000,000 bills issued today due 27 October 1976: £3,000,000 at 10½% and £3,000,000 at 10%. Total applications £43,000,000. Outstanding bills £24,000,000.

ART GALLERIES

COMPANY NOTICE

BRITISH GAS CORPORATION
US$ 60 million—9 per cent. Guaranteed Notes 1981

Holders of the above Notes are advised that the Annual Report and Accounts of British Gas Corporation for the year ended 31st March, 1976 are available for inspection at the offices of S. G. Warburg & Co. Ltd., 30 Gresham Street, LONDON EC2P 2EB.

COMPANY NOTICES

ANGLO AMERICAN GOLD INVESTMENT COMPANY LIMITED
(Incorporated in the Republic of South Africa)

DIVIDEND NO. 57

Further to the dividend notice advertised in the Press on the 16th June, 1976 the conversion rate applicable to payments in United Kingdom currency in respect of the abovementioned dividend is R1.351542 equivalent to 50.0255p per share.

The effective rate of South African non-resident shareholders' tax is 15 per cent.

For and on behalf of ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED London Secretaries D. H. J. PATTISON

London Office: 40 Holborn Viaduct, EC1P 1AJ. Office of the United Kingdom Transfer Secretaries: Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent. TN24 8EQ. 27th July, 1976.

DAIWA HOUSE INDUSTRY CO., LTD.
(Daiwa House Kogyo Kabushiki Kaisha)

Holders of the 7¼% Convertible Bonds due 1991 of the above Company are hereby notified in accordance with Condition 5(C)(5) and (3) of the Bonds that the Conversion Price will be adjusted from Yen 594.50 to Yen 581.10 per share of Yen 50 with effect from 1st August, 1976. This adjustment results from the issuance of 20,0…,000 Common Shares at Yen 555 per share effective 1st August, 1976 by way of public offering in Japan.

DAIWA HOUSE INDUSTRY CO., LTD.
By: Citibank, N.A.
Paying and Conversion Agent
28th July, 1976.

EUROPEAN INVESTMENT BANK
LIBANESE POUNDS 50,000,000—7¼% 1973/1988

BANQUE INTERNATIONALE A LUXEMBOURG S.A. announce that the third annual redemption instalment LL 1,750,000 due September 14th, 1976 has been purchased in the market so that no drawing by lot of bonds to be redeemed on September 14th, 1976 is not necessary. The amount of bonds remaining outstanding after September 14th, 1976 is LL 45,000,000.

By BANQUE INTERNATIONALE A LUXEMBOURG Société Anonyme

HITACHI LTD.
ORDINARY SHARES
BDR'S ISSUED BY CITIBANK N.A.

NOTICE IS HEREBY GIVEN that a dividend due 30th June 1976, to holders of BDR's as at 31st March 1976, may now be claimed at the rate shown below, on presentation of Coupon No. 10 detached from BDR's of 10 shares each and Coupon No. 10 detached from BDR's of 50 shares each to the undersigned:

Gross Dividend per share = US$0.0085794
Less 15% Japanese Withholding Tax = US$0.0012539
Net Dividend = US$0.0071224

United Kingdom Income Tax at the reduced rate of 20% in the 2 will be deducted from the amount of this dividend except in cases where Coupons are accompanied by a United Kingdom Inland Revenue Affidavit of Non-Residence. Special listing forms are available from the undersigned:

Citibank, N.A.
336 Strand,
London WC2R 1HB.
23rd July, 1976.

INTERNATIONAL DEPOSITARY RECEIPTS ISSUED BY MORGAN GUARANTY TRUST COMPANY OF NEW YORK representing shares of Brazilian Investments S.A. Sociedade de Investimento

Net dividend of $206.38 per IDR is payable on or after 27th July 1976 upon presentation of Coupon No. 1 at: Morgan Guaranty Trust Company of New York:
—Avenue des Arts 35, 1040 Brussels
—23 Wall Street, New York NY 10015
—33 Lombard Street, London E.C.3.
Representing gross dividend of 53 per cent. per Cruzeiro share less Brazilian withholding tax of 25 per cent. and expenses of $0.51 per IDR.

MITSUI & CO. LTD.
ORDINARY BDR'S ISSUED BY CITIBANK N.A.

NOTICE IS HEREBY GIVEN that dividend due 30th June 1976, to holders of BDR's as at 31st March 1976, may now be claimed at the rate shown below on presentation of Coupon No. 14 to the undersigned:

Gross Dividend per share = $US0.0119047
Less 15% Japanese Withholding Tax = $US0.0017857
Net Dividend = US$0.0101190

United Kingdom Income Tax at the reduced rate of 20% in the 2 will be deducted from the amount of this dividend except in cases where Coupons are accompanied by a United Kingdom Inland Revenue Affidavit of Non-Residence. Special listing forms are available from the undersigned:

Citibank, N.A.
336 Strand,
London WC2R 1HB.
23rd July, 1976.

TIGER OATS AND NATIONAL MILLING COMPANY LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO THE HOLDERS OF 5½ PER CENT. CUMULATIVE PREFERENCE SHARES

Further to the dividend notice advertised in the Press on the 16th June, 1976 the conversion rate applicable to payments in United Kingdom currency in respect of the abovementioned dividend is R1.555959 equivalent to 3.53480p per share.

The effective rate of South African non-resident shareholders' tax is 15 per cent.

For and on behalf of ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED London Secretaries D. H. J. PATTISON

London Office: 40 Holborn Viaduct, EC1P 1AJ. Office of the United Kingdom Transfer Secretaries: Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent. TN24 8EQ. 27th July, 1976.

TRANSVAAL CONSOLIDATED LAND AND EXPLORATION COMPANY LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER ISSUE OF NEW COUPON SHEETS

NOTICE IS HEREBY GIVEN to holders of share warrants to bearer that new sheets of coupons Nos. 73 to 97 with talons attached may be obtained at the London Bearer Reception Office of the Company, 7, Rolls Buildings, Fetter Lane, London EC4A 1HX and at Crédit Lyonnais, 19, Boulevard des Italiens, 75002 Paris, on and after 3rd August 1976, against surrender of talon No. 3 detached from the relative share warrants. Listing forms are available at the above-mentioned offices. United Kingdom Exchange Control Act.

Talon No. 3 delivered to the London Bearer Reception Office must be presented by, and the new coupon sheets will ONLY be delivered to, a United Kingdom Authorised Depositary.

For and on behalf of CHARTER CONSOLIDATED LIMITED London Secretaries J. C. Greensmith

London Office: 40, Holborn Viaduct, EC1P 1AJ. 28th July, 1976.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TEXTILES

Makes colour matching easier

COLOUR and its accurate measurement is still very much of a complex problem that confronts industries such as textile, paints and plastics. Systems exist which are expensive and sophisticated. These will measure colours and then, by means of computers specify how best these colours can be matched from the elemental colours that have been included in the programme.

Even then the accuracy of the recipes often leaves much to be desired and it may well be that a colour is not matched on the first pitch. But gradually the techniques are being refined and in the textile industry a number of "automatic colour kitchens" have been announced. This is an area where British technology would appear to be among the pace-setters.

What many industries need is a relatively simple and inexpensive system which allows one colour to be compared with another. In such a system tolerances will be incorporated so that by matching one against the other a "go" or "no go" accuracy will be signalled within seconds. This type of system is not intended to undertake all the complex calculations one might expect with the more involved computerised systems.

A number of approaches to this problem have been suggested and most are based on the colorimeter which views the colours to be compared through three colour filters and then presents the comparison.

The problem with such a system is that should one of the filters be damaged it is difficult to replace it in relation to the values of the other filters, while the results from one colorimeter may diverge appreciably from readings obtained with another.

Now a totally new approach to the problem is offered by Datacolor A.G., Switzerland (British agent: B.L. Engineering, 11 Edward Street, Bradford BD4 7BH. Tel. 0274 34185). Instead of a colorimeter the company has incorporated a spectrophotometer for measuring complete colour values. In the compact Datacolor 3500 instrument the colours are determined and, by use of a small computer, an evaluation is made. This is used for comparing, say, the original colour with matches, but what is perhaps of even greater significance is that two companies working any distance apart, can be assured that the readings from one instrument will be same as those from the other. For British textile companies the fact that a fluorescent light source TL 84 is used is of considerable importance.

The instrument is being used for checking dyed fabrics, in the main; but it has proved also to be suitable for comparing even the tiny sections of prints. Normally a sample between 8 and 30 mm. diameter is used, but a 3 mm. sample can be measured from say a print.

If paints or plastics are being compared then the Datacolor 3500 can take off the gloss and so compensate for reflectances.

Various values are compared and, because a spectrophotometer is the system of measuring the colour, the instrument will show the relativity of the values for the original and where the match differs, which means (for a dyer) that he will be guided to make his adjustment in the right area. A test takes about six seconds and the instrument can be callibrated in only ten seconds.

Some idea of the appeal of such a system might be gained when it is realised that a garment maker with a large plant may well make a garment in which the sleeves have been dyed in one factory and the body unit of the garment has been cut from a cloth originating elsewhere. In the mill they may well look compatible, but in other lighting conditions they could reveal appreciable shade differences.

Trending to simpler equipment

LOW profitability is something that does much to generate negative attitudes towards the textile industry. Even so, machine builders continue with major technological advances and almost all of them add refinements to their equipment, thus making them more expensive. The excuse is usually given that the more automatic they can be, the greater will be the reduction in labour content, which is one of the major cost factors in almost every part of the industry.

There is, however, a small but very significant element in the textile industry which is adopting an alternative point of view. This group looks towards simplification, elimination of sophistication, and it attempts to make the least complex and least expensive high production machines it can.

One such company is S. Bicagli and Co., of Prato, Italy (British agent: Herbert Brown, Whiteley Street, Milnsbridge, Yorks. Tel. 0484 51117) which is building an extremely simple woollen spinning machine called the CRR. In most modern spinning machines of this kind it is felt to be necessary for false-twist to be inserted into sliver as it is being drawn and this is typical of a general approach towards spinning carded yarns

On the CRR there i… twist unit and yet, de… and the implied troubl… generate, a spokesma… agent said that … attempted to spin all … exotic fibres and man … blends with wool. "At … he asserted, "did it … than 20 minutes to … frame and have it … perfectly on any mix."

The spinning frame … on coarse count yarn … are used in car… upholstery fabric mu… without a balloon, so … is a minimum of tensi… yarn during twisting.

For the finer count … possible to spin with … called a semi-balloon.

As yet, the full spinr… of the CRR has not … established on the sam… in Milnsbridge. It has … YSW 2.75 to 32 (Nm … but possibly would b… spin even finer c… necessary.

Depending on ga… number of spindles on … will vary. The gaug… between 106 and 180 … rings from 75/80 to … diameter. On the … gauge the CRR will … spindles, while on the … will be only 190 spin… amount of twist in a … vary from 35 to 3.0… metre (8.9 to 78 t… according to the nece… spinner.

● DATA PROCESSING

Network for research associations

NATIONAL Computing Centre has been asked by the Committee of Directors of Research Associations to begin a round of discussions on how the RA's are to solve their current computing problems.

Co-ordination of planning and activities is the first goal, but it seems quite plain that since both NCC and several of the more influential RA's are suffering from the same thing—obsolescence or near obsolescence of the computers on which they rely—a joint solution is likely to be considered in the not too distant future.

Because of the ham-stringing the RA's have been subjected to under a previous version of the present Government, they are finding that it is extremely hard to get together the funds needed for up-to-date equipment.

But a number of them nevertheless need access to powerful machines to support the research and development work in which they are ever more deeply engaged.

The ideal solution would appear to be a computing network in which a large central machine could support local small processors able to carry a good deal of the local load but also to compress a problem for the central unit before transmission and interpretation.

NCC, Oxford Road, Manchester M1 7ED. 061 228 6633.

Spares kept under tight controls

THERE COULD be as much as £6m. worth of business in the pipeline over the next few years involving Systime in the supply of dedicated equipment for parts stock control to the 200 or so of Leyland's 400 distributors able to benefit by it.

This is a first tentative conclusion following the recent announcement that two of the largest—Mann Egerton and Appleyard Group—are developing, with Systime, PDP 11/35 based equipment priced around £40,000 and capable of dealing with something like 12,000 separate parts.

Appleyard's equipment is scheduled for delivery on August 1 and that for Mann Egerton a month later.

The facility will provide stock control with routines for order entry, invoicing, management analysis and automatic updating. Accounting function of sales ledger, purchase ledger and nominal ledger are also covered as well as controls, accounts and comparisons.

Service invoicing, workshop control and warranty claim monitoring will be a further part of the functions covered.

Significant in the work done by Systime is the fact that each of the system modules can run separately or be integrated with others to provide a full business administration system. They can also be run on different arrays of equipment. The result is ability to match very closely the needs of particular users.

British Leyland is necessarily deeply involved in this development and while the distributors are paying for the equipment, it is understood that plans at Leyland forsee the installation of some 20 comparable units a year for the next three years.

There are some 140 other distributors who would benefit from smaller units of the system, based on the work the company did to produce its Series 5000.

Systime, Concourse Computer Centre, 432 Dewsbury Road, Leeds LS11 7DF, Leeds (0532) 707411.

Kodak COM at Barclays

RATHER than move five tons of paper nightly to notify their 3,000 branches of each customer's account status, Barclays is spending over £2m. on nine Kodak KOM-80 machines and over 6,000 NCR microfiche viewers.

Three of the computer-output-on-microfilm (COM) machines have been installed at the Manchester computer centre and 160 branches in the area already have the service. The other six will be in London. Instead … computer stationery (… been costing the bank … a year) each branch wi… one postcard-sized pie… by the start of busi… morning containing up … customers' data.

Barclays emphasises … tomers' statements wil… to be distributed from … puter centres in paper … the on-line terminal en… vice has not been aban… will be used where … stantaneous informati… quired.

At the close of bus… day the transaction … shalled by the IB… machines at the … centres is reformatt… Hewlett Packard mini… ware developed by K… will provide for a … number of copies to e… by means of a bar c… top of each master. … also a number of secur… Delivery is by securit… vehicle starting at m…

A prime reason for … choice of COM to re… bulk of account stat… branches is that too … had been spending "u… amounts of time "sta… minals" to obtain fairl… data. Now they will s… it from fiche on a vie…

● QUALITY CONTROL

Finding the faults

THE FINAL stage of quality assurance in much of engineering is often non-destructive testing (NDT), intended to find critical defects which may endanger the safe performance of the product in operation—for example, pressure vessels, bridges, offshore structures, pipelines and vehicles, when structural failure can be catastrophic.

Such testing unfortunately raises its own problems, as interpretation of exactly what constitutes a critical fault is not universally agreed.

In an attempt to solve this problem in terms of both the economics of manufacture and of safety a Government body, the Mechanical Engineering and Machine Tools Requirement Board, has awarded a three-year contract (worth £170,000) to study the subject to the Welding Institute, Cambridge. The work will be carried out in co-operation with the Central Electricity Generating Board and the NDT Centre, Harwell.

● EXHIBITION

Coil winding convention

COMPANIES FROM eight countries will be taking part in Coil Winding International '76, which is to be held at Alexandra Palace, London, October 11-13.

In conjunction with the exhibition, papers will be presented by speakers from the industry in the U.S., Europe and other countries.

The convention is presented by the International Coil Winding Association and organised by the Electrical Research Association, Cleeve Road, Leatherhead, Surrey KT22 7SA (03723 74151) from which further details may be obtained.

● HORTICULTURE

Lights the greenhouse

AIMED particularly at horticulture is a light fitting with a reflective system providing a wide and even light distribution Introduced by Philips Gloeilampenfabrieken, some 10 to 20 per cent. fewer of the fittings are needed than are conventional types, partly owing to the lower height of suspension.

For use with high pressure mercury iodide or sodium bulbs, the fitting has a reflector shaped almost like a figure eight and made of highly polished aluminium.

The special shape and angular adjustment of the two halves give a high illumination efficiency so that it is possible to produce lighting systems in greenhouses with an illumination uniformity of 95 per cent. The distance between the fittings is then twice the suspension height.

Reflector and pre-switching device are housed in a light grey polyester casing reinforced with glass fibre. The reflector is surface treated against corrosion. More from Postbus 523, Eindhoven, Holland.

● BUILDING

Compact air conditioners

AIR CONDITIONING units with airflows from 2,600 to 30,000 cfm have been developed by Heat-Frig (Midlands), 1626a, High Stret, Knowle, Warks., B93 0JU (05645 6111).

Largest unit in the range (30 000 cfm) requires 3352 mm x 1829 mm floor space. All components, including fans, filters, frames, heating and cooling exchangers, are constructed on a modular basis, with air inlet, discharge and fan arrangements to suit individual requirements.

Where a unit is delivered in sections, pressure fasteners are used to connect the module, eliminating bolting, and cutting labour costs.

● PROCESSES

Cooler with no water losses

SEALED-CIRCUIT, air-blast water coolers can make a significant contribution towards saving water and with drought conditions prevailing over considerable areas of the country there is growing concern in Government and industry at the amount of water being used each day in a variety of cooling applications, later being run simply to waste.

Birshall, subsidiary of Marston Radiators (IMI Group), has brought out a group of seven coolers of this type intended to cool HF generators, spot welders, degreasing and injection moulding plant, as well as general engineering applications.

This range at present covers a flow rate from 5.5—33 gallons per minute and heat dissipation from 10kW to 150 kW, assuming that the temperature differential between fluid entry and the ambient environment is 48°F (25°C).

The water circuit is a totally sealed system, the main advantages of which are the lack of sludge build-up and atmospheric contamination. Also, the absence of any large reservoir tanks or external supply pumps means that maintenance of the cooling circuit is kept to a minimum.

An expansion vessel is integrated into the circuit and a small secondary circuit replenishes any water loss that may occur: for example, when changing electrodes on spot welding machines.

Heat exchange elements are located either in the side, or, in the case of the smallest unit, in the top with the cooling air drawn through the elements by a multi-axial fan.

Bushall, Featherstone, Pontefract, Yorkshire. Pontefract 71467.

● INSTRUMENTS

Strain in flexible materials

DYNAMIC strains associated with elongations occurring in flexible materials may be measured by a long-stroke flexible potentiometer. This was developed by G. V. Planer, following original work carried out by the Shirley Institute for E.M.I./MoD.

Resulting from their large elongation capability, the devices can measure extensions of the order of 100 per cent., and have a considerable advantage over conventional strain gauges which are generally limited to strain measurements of about 1 per cent. elongation.

The potentiometers consist of two parts. One has a thin film resistive track with end terminals, vacuum-deposited on a flexible but stable diaphragm. The second part is a mounting carrying a sliding contact wiper and terminal. The flexible track component is mounted on the test material in such a manner that on stretching the latter, the wiper travels along the track to give a varying voltage pick-off relating to the extensions experienced. Resistance of the track is generally in the range 100-1000ohms.

Applications exist in the analysis of materials and structures which undergo large extensions or deformations. One such application is in the measurement of dynamic strains and shock loads involved in the development of, for example, parachutes in which elongations in the fabric of 25 per cent. can be experienced.

G. V. Planer, Windmill Road, Sunbury on Thames, Middx. Sunbury 86262.

● MATERIALS

Flexible sealing strip

BEING MARKETED by Richard Klinger, Sidcup, Kent, DA14 5AG, (01-300 7777) is a sealing strip made from polytetrafluoroethylene.

Called Sealex, it is supplied on dispenser reels in four diameters, ⅛, ¼, ⅜ and ½ inch. To use, a length slightly longer than the true length required is cut from the reel, the ends of the seal are overlapped and the joint tightened—the maker says there is no need to re-tighten later.

It is claimed the sealing strip can be used for a wide range of joints, since the material is compliant and easily fills irregularities on the mating surfaces. It is said to be unaffected by corrosive gases or chemicals, to withstand pressures up to 2,000 psi and a temperature range of −240 to +260 deg. C.

Joint Announcement

Sentrust Limited
General Mining and Finance Corporation Limited
Lydenburg Platinum Limited

(All incorporated in the Republic of South Africa)

Shareholders are referred to the announcement made to-day by President Steyn Gold Mining Company Limited with respect to the exploitation of the farm Video by that company in return for the allotment of 566,400 shares in President Steyn Gold Mining Company Limited. In terms of participation agreements the shares will be allocated as follows:

Sentrust	50.00%
Lydenburg	25.00%
General Mining	23.75%
*Saboeria Holdings Limited	1.25%
	TOTAL

*Formerly Spence and Weedon (South Africa) Limited

It must be noted that the allotment of the shares will only be effected after receipt of the letter of notification from the Secretary of Mines concerning the granting of the proposed Video mining lease.

6 Hollard Street,
Johannesburg.

27 July, 1976

مكتبة الاسكندرية

PRESIDENT STEYN GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)
Company Registration No. U.C. 28210

CIRCULAR TO MEMBERS

MINING OF THE FARM VIDEO NO. 305

bers were given brief details in the directors' report for the year ended 30th September of new proposals agreed in principle between this company and Sentrust Limited ding the mining of the farm Video No. 305, district Ventersburg, O.F.S., the mineral of which are owned by Sentrust. In 1968 it was announced that this company would the farm on a tribute basis, subject to the payment to Sentrust of a royalty of 20 per cent after-tax profits earned in the area. No mining has yet taken place in Video, however, he original arrangements are no longer appropriate to present day circumstances and therefore been re-negotiated.

ght acquired by President Steyn to mine the farm Video in terms of the original agree- applied only to a depth of 7 600 feet (2 316 metres), with the result that any ore below vel, although accessible from President Steyn No. 4 shaft and its sub-vertical system, remain unmined. Moreover, in view of the increase in the gold price since 1968, ust (which also holds the mineral rights of the farm Vermeulenskraal Noord No. 480 ing the farm Video to the south) wished to prospect that farm and to provide for its le exploitation should economic deposits be found to exist there. General Mining inance Corporation Limited provides managerial and technical services to Sentrust, therefore also party to the new arrangements.

rangements now agreed, and summarised later in this circular, have the effect of President Steyn the right to mine the farm Video at any depth, and also provide for ecting operations to be carried out on the farm Vermeulenskraal Noord. Should the sed feasibility study show by 31st December 1979 that a new mine can be established ntrust on the whole or part of Vermeulenskraal and portion of Video, President Steyn directly or through its subsidiary) will be entitled to participate in that venture on the set out below, but will continue to mine Video for its own account until the new ulenskraal mine has established sufficient facilities, including its own shaft and gold to enable it to mine the new area independently of technical assistance from President (i.e. until the "take-over date" referred to below).

information concerning the southern and eastern areas of Video is limited, indications ed from boreholes in the farm itself and from the President Steyn lease area to the and the Unisel lease area to the west show that the north-western area is likely to a continuation of a relatively high-value trend from the southern portion of the nt Steyn lease area. The ore potential is expected to consist almost entirely of Basal d the uranium content is not expected to be significant. Details of borehole inter- s which are relevant are given in an appendix to this circular and their situation is ed on a map of the area.

r to implement the new agreement, President Steyn has recently formed a wholly- subsidiary, Video Mining Company Limited, with an authorised capital of R100 shares of a nominal value of 50 cents each. The new company has an issued capital ares, held beneficially by President Steyn. Sentrust Limited has also formed a wholly- subsidiary, Vermeulenskraal Mining Company Limited, with an authorised capital of in 8 000 shares of a nominal value of 50 cents each. This company has an issued of 7 shares, held beneficially by Sentrust Limited.

eement has been entered into between General Mining and Finance Corporation ("General Mining"), Sentrust Limited ("Sentrust"), President Steyn Gold Mining ny Limited ("President Steyn"), Video Mining Company Limited ("VMC"), and lenskraal Mining Company Limited ("Vermeulenskraal Company"), and its main ns may be summarised as follows:

ntrust (the holder of the mineral rights on the farm Video No. 305) will immediately ply for a mining lease over the farm and has undertaken to cede such mining lease, en granted, and any mineral rights on the farm not included in such lease, to VMC return for the right to subscribe for 190 shares in VMC.

ntrust has, in turn, undertaken to renounce its right to subscribe for the 190 shares in IC in favour of President Steyn in return for the allotment to Sentrust and/or its minees, credited as fully paid up, of 566 400 shares in President Steyn, together with ash payment equivalent to any dividends (together with interest on such dividends the rate of 12 per cent per annum) Sentrust would have received on the 566 400 res had they been allotted on 1st October 1975, up to the date of actual allotment. allotment of the 566 400 shares in President Steyn will be effected only after the eipt of a letter from the Secretary for Mines agreeing to grant the lease applied for e "Video mining lease") and to its cession to VMC, which letter is expected ards the end of 1976.

IC will thereupon commence mining in the Video mining lease area. It is intended t for this purpose VMC will request President Steyn to mine the area on behalf of C, using the President Steyn No. 4 shaft (which is sited close to the Video area) President Steyn's treatment facilities. Thus initial capital expenditure on shaft ding and surface works will not be necessary before exploitation of the area can mence, although a ventilation shaft with a sub-vertical component could be uired in the southern Video area at a later date. All costs and revenue, together with capital expenditure required in the area, will be for VMC's account, and President yn, as the holder of the entire issued capital of VMC, will in addition charge VMC, e to cover management and treatment expenses. Until VMC becomes revenue- ducing, the company will be financed by way of loans from President Steyn.
C will have the right, until the completion of the feasibility study referred to in graph (iv) below, to apply for an extension of the Video mining lease or a further ing lease on any part of the farm Video.

eral Mining will in the meanwhile, at their expense, prospect the farm Vermeulens- l Noord No. 480 to the south of the farm Video, the mineral rights of which are held Sentrust. General Mining and President Steyn and their respective technical advisers then carry out a feasibility study to determine whether it would be economically le to establish an enlarged mine on the whole or portions of both the farms meulenskraal and Video (including that portion of the Video mining lease which it stimated will remain unmined at a "take-over date"). If the whole or part of both farms (but not the whole or a portion of only one of such farms) is considered to economically viable, the parties will fix the "take-over date", being the date, mated in terms of the feasibility study, by which sufficient facilities, including a t and treatment plant, will have been constructed by Vermeulenskraal Company nine the enlarged area, without assistance from President Steyn, at a milling rate roximately equivalent to that established in the Video mining lease area.

he event of the feasibility study proving positive, Sentrust will apply for a mining e over the proposed additional area (the "Vermeulenskraal mining lease"), which trust will undertake to cede to Vermeulenskraal Company. VMC will at the same undertake to cede to Vermeulenskraal Company that portion of the Video mining e, which, in terms of the feasibility study, it is estimated will remain unmined at the e-over date". On receipt of a letter from the Secretary for Mines agreeing to grant Vermeulenskraal mining lease and to the cessions to Vermeulenskraal Company of leases referred to above, Sentrust and VMC will receive rights to subscribe for es in the capital of Vermeulenskraal Company, so as to make their interests in the tal of that company proportional to the mining lease areas contributed by them. C will have the right to renounce its subscription rights in Vermeulenskraal Company avour of President Steyn.

uld Sentrust's holding in Vermeulenskraal Company, as a result of the above sub- tions, amount to less than 51 per cent of the issued capital, Sentrust will be led to purchase from VMC (or President Steyn), at a calculated value per Ver- lenskraal share as determined by the feasibility study, sufficient Vermeulenskraal es to increase Sentrust's holding to 51 per cent.

ld it not be determined by 31st December 1979 that an enlarged mine incorporating whole or part of Vermeulenskraal is economically viable, or should the Secretary Mines not have given Sentrust written notification by 31st December 1980 of the tion to grant Sentrust's application for the Vermeulenskraal mining lease, then the isions of the agreement summarised in paragraphs (iv), (v) and (vi) above will e and be of no force or effect.

In order to give effect to the provisions of the above agreement, it is necessary to convene a general meeting of members of President Steyn (the notice for which is attached to this circular) to increase the authorised capital by 566 400 shares and to place these shares under the control of the directors. If the application for the Video mining lease is granted, the 566 400 shares will be allotted in due course in accordance with the provisions of the agreement and will, on allotment, rank *pari passu* in all respects with the existing 14 000 000 shares of President Steyn in issue. Application will be made for listings of the shares on The Johannesburg Stock Exchange, The Rhodesian Stock Exchange and The Stock Exchange in London, immediately following their allotment. Members will be notified by an announcement in the Press of the receipt of the letter of notification from the Secretary for Mines and of the date of allotment of the shares.

The directors of President Steyn consider that the company and its subsidiary will have sufficient working capital for their requirements.

There are no service contracts in respect of the directors of the company or its subsidiary. The directors of President Steyn and VMC have the interests shown below in President Steyn, General Mining and Sentrust. They have no interests in Vermeulenskraal Company.

Name	President Steyn		General Mining		Sentrust	
	Beneficial	*Non-Beneficial*	*Beneficial*	*Non-Beneficial*	*Beneficial*	*Non-Beneficial*
*J. G. Edmeston	Nil	400	Nil	Nil	Nil	Nil
*D. A. Etheredge	Nil	400	Nil	Nil	Nil	Nil
E. D. Gleason	Nil	400	Nil	Nil	Nil	Nil
*D. B. Hoffe	Nil	400	Nil	Nil	Nil	Nil
*G. M. Holford	Nil	400	Nil	Nil	Nil	Nil
*G. Y. Nisbet	Nil	400	Nil	Nil	Nil	Nil
M. C. O'Dowd	Nil	400	Nil	Nil	Nil	Nil
E. Pavitt	Nil	400	Nil	100	Nil	Nil
R. T. Swemmer	Nil	400	Nil	Nil	Nil	Nil
W. F. Thomas	Nil	400	Nil	Nil	Nil	Nil
L. W. P. van den Bosch	Nil	100	Nil	Nil	Nil	Nil
*G. S. Young	Nil	400	Nil	Nil	Nil	Nil

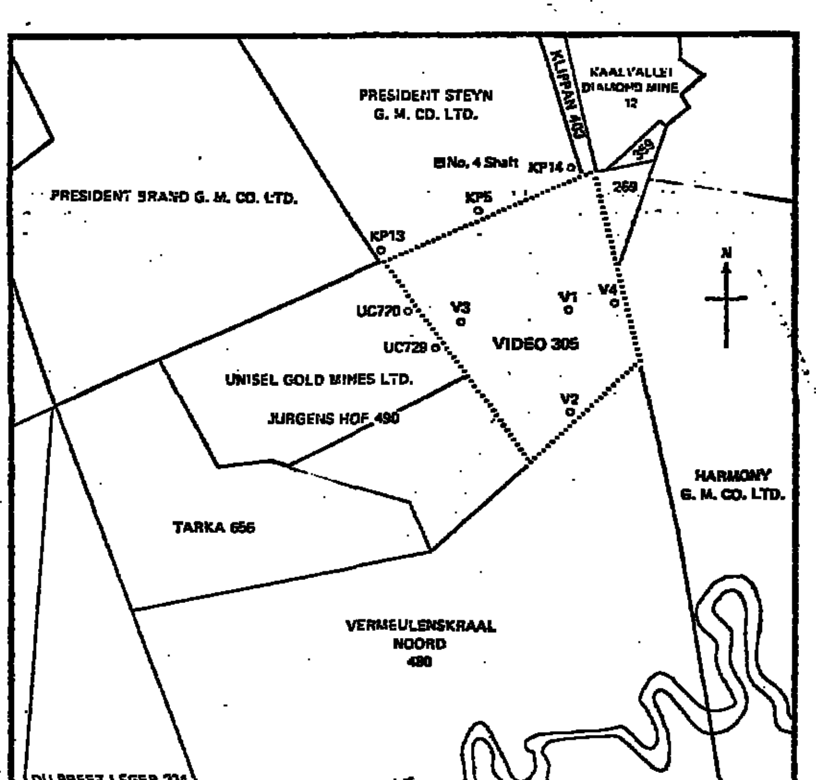
*Also directors of Video Mining Company Limited in which they each hold one share as nominees of President Steyn.

No person or company, apart from Barclays National Nominees (Pty) Limited (GATR Depot), P.O. Box 7713, Johannesburg, the registered holder of 3 900 406 shares, is, according to the registers of the company, interested in more than 10 per cent of the share capital of the company.

It is estimated that the expenses connected with the creation and issue of 566 400 President Steyn shares to Sentrust will amount to approximately R22 000, and will be borne by President Steyn.

The opportunity will also be taken at the general meeting to propose a special resolution adopting new articles of association for the company. The company's articles of association have remained largely unchanged since the company's incorporation in 1948 and it is therefore considered desirable to adopt new articles which comply with the Companies Act, 1973, as amended, which meet the latest stock exchange requirements and which conform with modern company practice. The provision in the existing articles that directors should hold qualification shares has been removed from the proposed new articles, as it is no longer required by the stock exchanges.

Copies of the proposed new articles, which will be available at the general meeting, may be inspected before the meeting at any time during normal business hours at the registered office of the company (44 Main Street, Johannesburg) and at 40 Holborn Viaduct, London EC1P 1AJ. Also available for inspection are the company's memorandum and existing articles of association, the audited financial statements for the last two financial years and the agreement between the parties as summarised in this circular.



FARM VIDEO 305 SCALE: 1:50 000
o Position of Boreholes listed in the Schedule

VIDEO 305
SCHEDULE OF VALUES IN SURFACE BOREHOLES – BASAL AND LEADER REEFS

APPENDIX I

Borehole No.	BASAL REEF Depth (metres)	True Thickness cm	Gold Content g/t	Gold Content cm. g/t	Uranium Content kg/t	Uranium Content cm. kg/t	LEADER REEF Depth (metres)	True Thickness cm	Gold Content g/t	Gold Content cm. g/t	Uranium Content kg/t	Uranium Content cm. kg/t
ent Steyn Lease												
iginal*	2247.6	17.0	3.22	65	0.030	0.51	2227.0	46.0	13.35	614	No Record	
Deflection*	2247.6	17.0	2.82	48	Tr	0	2226.0	29.0	16.66	483	No Record	
Deflection	2244.5	184.4	20.61	3801	0.081	14.86	2223.6	64.5	2.82	182	0.198	12.74
Deflection	2247.3	238.0	26.25	6248	0.080	19.05	2223.5	78.2	2.94	230	0.198	15.49
iginal	1804.4	152.9	20.22	3092	0.115	17.59			Faulted out			
eflection	1806.9	151.1	13.83	2090	0.090	13.60	1790.0	185.4	1.16	213	0.040	7.49
riginal	2743.8	127.5	9.12	1163	0.095	12.06	2725.6	24.6	40.45	995	0.586	14.41
eflection	2743.8	106.2	6.64	718	0.100	10.80	2725.9	10.7	10.08	108	0.235	2.51
shof 490												
Original†	1928	34.8	6.75	235	0.098	3.41	1912	106.2	11.59	1231	0.132	13.98
eflection			Reef faulted out				1912	104.2	10.17	1060	0.076	7.94
Deflection			Reef faulted out				1913	91.0	10.63	967	0.121	10.98
eflection	1929	78.3	16.76	1312	0.090	7.08	1912	112.7	6.15	693	0.078	8.83
eflection	1929	74.4	18.79	1398	0.052	3.89			Drilled for Basal Reef only			
eflection	1929	35.1	26.55	932	0.125	4.37	1912	109.6	5.11	560	0.072	7.92
Original	2012	114.1	13.46	1536	0.113	12.85	1995	43.8	12.24	536	0.164	7.18
eflection	2013	120.5	11.84	1428	0.086	10.38	1995	44.1	9.95	439	0.119	5.23
Deflection	2012	113.3	14.05	1592	0.111	12.50	1335	25.8	8.65	223	0.137	3.54
305												
nal	2813.9	28.0	4.29	120	No Record		2799.3	57.0	1.90	108	No Record	
eflection	2815.0	28.0	6.50	169	No Record		2790.4	57.0	2.20	125	No Record	
nal*	2624.0	0	No reef developed				2603.0	61.0	0.51	31	No Record	
eflection†	2632.0	79.0	1.70	134	0.010	0.79	2610.5	19.0	1.00	19	0.030	0.57
Deflection†	2636.0	36.0	3.70	133	0.010	0.36	2613.0	27.0	3.00	81	0.370	9.99
nal	2145.5	87.6	54.13	4742	0.174	15.24	2127.8	26.4	10.72	283	0.154	4.06
eflection	2145.2	103.4	60.81	6288	0.184	19.05	2127.5	25.9	7.57	197	0.177	4.58
ginal	3087.6	219.0	3.31	724	0.040	8.76	3067.4	50.0	1.92	96	0.145	7.24
eflection	3088.1	232.0	4.29	985	0.063	14.65	3067.3	53.8	1.95	105	0.139	7.49
Deflection	3087.9	233.4	2.72	636	0.050	11.61	3067.7	56.0	1.20	67	0.090	5.04
eflection	3087.9	228.0	2.70	615	0.053	12.08			Drilled for Basal Reef only			

itersection
progress
ootwall – no reef developed

SPORT

British balloon bursts

Lasse Viren (top), Brendan Foster (foreground) and Portugal's Carlos Lopes, medal winners in the Olympic 10,000 metres, may meet again in the 5,000 metres. The heats are to-day and the final Friday.

LIKE A fairground balloon, Britain's Olympic challenge in athletics has almost run out of air. There is little left to do but formulate regrets and celebrate with vinegar.

Brendan Foster's bronze medal in the final of the 10,000 metres —a medal, admittedly, won in the face of physical adversity—was a bad blow, a reminder that at the highest level Britain is a third-rate track power with first-rate aspirations.

Geoff Capes was shown up in the shot. Next, Steve Ovett, upon whose 20-year-old shoulders all manner of mantles had been laid, was exposed in the final of the 800 metres by runners with the strength and calibre of Cuba's Alberto Juantorena and Belgium's Ivo Vandamme, the respective gold and silver medalists.

Then, Foster was run into the ground in the 10,000 metres. In fairness to Foster it must be said that he ran in the final after suffering for three days from a sapping stomach complaint, an illness that brought sweat to his

OLYMPICS 76

MICHAEL THOMPSON-NOEL REPORTS FROM MONTREAL

shoulders inside the first 800 metres, a frown to his brow within the following 1,000 metres, and realisation, at the end, that he was in no condition, physical or psychological, to stay with Finland's Lasse Viren.

Considering that Viren's victory rushed him into the Olympic history books, it was a strangely subdued affair. For a start, the field was missing Mohammed Gammoudi, of Tunisia, and Miruts Yifter, of Ethiopia—victims of the African walk-out from these Games.

For another, Emiel Puttemans, of Belgium, world 5,000-metre record holder and one of the few men with the endurance and strength of Viren, fell by the wayside, victim of a cold. Third, Marc Smet, Putteman's countryman, fell on the track with 13 laps to go and broke an arm. He rejoined the pack but was never a force thereafter.

Finally, despite the coolness of the evening, none of the pack was capable of responding to Viren's calculated pace.

Distracted by the final of the pole vault, the stadium responded only slowly to the drama in the 10,000 metres. From the start the crowd chanted "Foster! Foster!" But Foster was content, indeed relieved, to stay submerged within the pack until beginning a steady move forward after 13 laps.

At 5,000 metres, Viren shadowing him closely, Foster moved to the head of the field. With 10 laps to go Carlos Lopes, of Portugal, attempted to steal away and the order now read: Lopes, Foster, Viren, Smet.

At this point Britain's Tony Simmons and Bernard Ford were still in the first eight and attempting their hardest to stay in touch with the leaders. But with seven laps to go Lopes, in emerald-green trunks, Viren, cool in blue track shirt, and Foster were out on their own.

Five laps to go and Lopes still looked relaxed. Foster had fallen four metres behind Lopes and Viren. Three laps to go and Foster was holding his stomach, his pace now slowing. The gap widened . . . suddenly Lopes and Viren were 25, then 30, then 35 metres up on Britain's hope.

At the bell, responding to some inner compulsion, Viren swiftly tore away from Lopes, lengthened his stride and dashed for the finishing line. He reached it in 27 minutes 40.38 seconds—two seconds slower than his gold medal performance in the Munich final but enough to put him into the record books alongside names like Emil Zatopek (who won the 10,000 metres in 1948 and 1952, as well as the 5,000 metres in 1952), Vladimir Kuts and Paavo Nurmi, a fellow Finn, who won the 10,000 metres in 1920 and 1928 and the 5,000 metres in 1924.

Viren looked as composed at 10,000 metres as he had at ten. He sat on the track, tore off his running shoes, and joined three compatriots in a victory jog around the stadium.

Behind him, Foster finished in 27-54.92. Simmons followed, a fast-finishing fourth in 27-56.26. Ford—in eighth place of 14—clocked 28-17.78. All three British runners had entered the final with faster times to their credit. The conditions were superb: only the spark of inspiration was missing.

Where next? Viren has said that he will go for the 5,000 metres and possibly the marathon, an apparently absurd ambition that conjures up images of Zatopek in 1952.

But is it absurd? Viren, reportedly dogged by illness and injury ever since 1972, said immediately after winning the 10,000 metres this time that he was fit, healthy and ready.

His opponents at 5,000 metres —the heats are run to-day—include Foster, providing he has thrown off the uncertainties that stalked him in the 10,000 metres, Ian Stewart, Britain's Munich 5,000 metres bronze medalist, New Zealand's Rod Dixon, Puttemans, provided he has recovered from his exertions, and runners like Enn Sellik of the Soviet Union, who heads the world rankings this year at 13-17.2. As for the marathon, that is best left to Viren.

There is still David Jenkins, of course, in the 400 metres, who could give our athletics a golden glimmer.

CRICKET **BY TREVOR BAILEY**

West Indies clinch Test series

THE WEST INDIES won the series with a 55-run victory at Headingley after a memorable Test on a pitch which was a credit to the groundsmen—good, but never a featherbed.

The spectators had enjoyed five days of high-quality entertainment, in which the ever-changing situations successfully camouflaged what might be termed the unacceptable face of cricket, namely seam bowling at an over rate of about 13 per hour.

The task of scoring 114 runs for victory with five wickets standing proved, as expected, too much for the English batsmen. Nightwatchman Underwood was unable to cope with the speed of Daniel. At the other end after one ball required to complete an over by Holding, Roberts, with the aid of several defensively positioned fieldsmen, was able to tie down Greig.

It was essential that Knott settled down if any real progress was to be made, but Daniel found a good delivery and had him caught at the wicket. Next, Snow produced three impressive scoring shots before becoming Daniel's third victim.

Greig decided that the time had come for desperate measures. He proceeded to cut loose with a flurry of strokes which brought him a splendid 50. His partner in a heart-warming stand of 46 runs in 47 minutes was Ward, who with a certain amount of luck managed to exist without scoring any runs. Eventualy, he made contact with a wide ball and was caught behind for a duck of considerable character.

WEST INDIES		
1st	Innings	450
2nd	Innings	196
ENGLAND		
1st	Innings	387
2nd	Innings	204

Willis strode purposefully to the crease, missed a straight full toss and returned dejectedly to the pavilion, leaving Greig 76 not out and the West Indies the winners by 55 runs.

No unbiased viewer could complain about the outcome. The West Indies were the better side, produced more dynamic batting, faster bowling and superior fielding. But England did well to fight back to a position of comparable parity after having been outplayed for the first two days.

Can England achieve that elusive victory in the final Test at the Oval next week? The chances, regrettably, must be against. If anyone picked the strongest team from the present two sides, it is unlikely that apart from Greig, Knott and Underwood, any England player would be selected.

However, there have been some encouraging signs in the Headingley Test. Willey looked as if he could develop into an international batsman, which also applies to Woolmer; Greig and Knott showed that they are all-rounders of international class; and Willis, with eight wickets, produced a performance that gave encouragement for the future.

PRESIDENT STEYN GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)
Company Registration No. U.C. 28210

NOTICE OF GENERAL MEETING

Notice is accordingly hereby given that a general meeting of members of President Steyn Gold Mining Company Limited will be held at 44 Main Street, Johannesburg, on Thursday, 19th August 1976, at 11h00 for the following purposes:

1. To consider and if deemed fit to pass, with or without modification, the following resolution as a special resolution:
   "That the authorised capital of the company be and it is hereby increased from R7 000 000, divided into 14 000 000 shares of 50 cents each, to R7 283 200, divided into 14 566 400 shares of 50 cents each, by the creation of 566 400 shares of 50 cents each, which shares shall, when issued and credited as fully paid, rank *pari passu* with the existing issued shares of the company."
2. To consider and if deemed fit to pass, with or without modification, the following resolution as an ordinary resolution:
   "That, subject to the passing and registration of the special resolution increasing the capital of the company from R7 000 000 to R7 283 200, the directors of the company be and they are hereby authorised, on the issue of a letter of notification by the Secretary for Mines, in terms of Section 25(6) (a) of the Mining Rights Act (Act No. 20 of 1967), indicating that a mining lease over the whole or portion of the farm Video No. 305, district Ventersburg, Orange Free State, will be granted to Sentrust Limited and agreeing to its cession to Video Mining Company Limited, to allot and issue, credited as fully paid, the 566 400 shares so created to Sentrust Limited and /or its nominees."
3. To consider and if deemed fit to pass, with or without modification, the following resolution as a special resolution:
   "That the articles of association submitted to the meeting, the first page of which has been signed by the chairman of the meeting for the purpose of identification, are adopted as the articles of association of the company in substitution for the existing articles of association of the company."

The reasons for proposing special resolutions Nos. 1 and 3 above are given in the circular attached to this notice, and the effect of the resolutions are apparent from the resolutions.

The head office and United Kingdom transfer registers and registers of members of the company will be closed from 13th to 19th August 1976, both days inclusive, for the purpose of the general meeting.

Holders of share warrants to bearer who are desirous of attending in person or by proxy or of voting at any general meeting of the company must comply with the regulations of the company under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and, on a poll, vote in his stead. A proxy need not be a member of the company.

A form of proxy, which sets out the relevant instructions for its completion, is enclosed for the use of members who wish to be represented at the meeting.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: J. E. TOWNSEND
Senior Divisional Secretary

Registered Office:
44 Main Street
Johannesburg 2001
(P.O. Box 61587
Marshalltown 2107)

London Office:
40 Holborn Viaduct
London EC1P 1AJ

27th July 1976

PARLIAMENT

Tories renew assault on shipbuilding Bill

BY JOHN HUNT

THE CONSERVATIVES renewed their attack on the Government's proposals for the nationalisation of the aircraft and shipbuilding industries last night with Mr. Michael Heseltine, shadow Industry Secretary, claiming that the plans were based totally on dogma without the backing of a single rational argument.

He was speaking at the start of three days of debate leading up to the crucial third reading vote on the Aircraft and Shipbuilding Industries Bill tomorrow. This is the fourth of the Bills which has been going through the Commons under the Government's controversial guillotine timetable.

Yesterday's attack came in the wind-up to the committee stage as the Government introduced a series of amendments changing the wording of the Bill in order to make sure that it could not be considered as a hybrid measure.

The first of the Government's amendments—which excludes from the Bill minor categories of aircraft such as gliders and those with rotary wings—was passed by a Government majority of 13 (300—287).

The most important amendment—that excluding mobile offshore installations from the effects of the Bill—was then passed without a division.

It was an argument over whether such an installation which had been made by Marathon Shipbuilding (U.K.), an American-owned company, should be classed as a ship or a rig which led to earlier rows in the Commons.

Based on the assumption that it was a ship, a prima facie ruling was made that the Bill was hybrid. This led to angry scenes in the Commons at the end of May, with Mr. Heseltine picking up the mace and swinging it towards Left-wingers.

According to Mr. Heseltine last night, there was no doubt that the Bill remained a hybrid measure. He based his argument on a claim that special privileges had been given to Marathon, by leaving them outside the scope of the Bill. He said the Government was appalled at the prospect of submitting the Bill to a Select Committee because of the type of questions that would have to be answered there.

Despite the Government's recently announced plans to cut public expenditure, this Bill was just an alibi to persuade people that we could continue in the same old way. A total of £300m. in taxpayers' money would be pushed down the drain.

He told the House that Mr. Gerald Kaufman, Minister of State for Industry, had refused to meet the management Bristol Channel Ship Repairers to discuss the Bill.

But Mr. Kaufman intervened to deny the charge. He said that for the past four weeks he had been trying to visit the company's yard at Cardiff without any pre-conditions. The company, however, had laid down pre-conditions for the visit which he had found unacceptable.

Mr. Heseltine accused him of merely adopting this course in order to bamboozle the Welsh Nationalists into supporting the Government in to-morrow's vote. The Government had caused to be worried, he said, as it had now lost the support of the Scottish Nationalists for the Bill. The Nationalists now realised they had been tricked by the Government's earlier offer of a promise of a separate entity for Scottish shipbuilding.

Mr. Eric Varley, Industry Secretary, told MPs that the amendments now being proposed would ensure beyond doubt that the Bill was not a hybrid measure. They had been drawn up after an exhaustive Government re-examination of the Bill.

"Similar points have lost us a great deal of time on the Bill in the past and we want to avoid that danger in the future," he declared.

Tory peer drops challenge to Bill

By Justin Long, Parliamentary Correspondent

THE FINANCE BILL last night survived the threat of a final procedural ambush in the Lord's when it safely passed all stages to be ready for the Royal Assent to-morrow.

Objectors to the Bill were not prepared in the outcome to pursue the contention that it was not a pure money Bill and that, consequently, the Lords should have the right to amend it.

Lord Harmar-Nicholls, the Tory backbench peer, who had sponsored the move against the Bill withdrew his motion on assurances from **Lord Shepherd**, Leader of the House, that the issue could be raised in the Committee on Parliamentary Procedures in a way that would avoid the possibility of conflict between the two Houses.

At the same time, Lord Shepherd insisted that there had been no resort to any improper procedures during the passage of this Bill.

The controversial issue which exercised Lord Harmar-Nicholls and some other peers was whether or not the constitutional rights of the Lords were infringed when they were asked to pass without amendment as a pure money Bill a Bill which *also dealt with matters unrelated* to financial aid or supply.

This was the burden of the complaint against this year's Finance Bill—with the critics arguing that the section giving power of search and entry to the Inland Revenue was a foreign matter which should have no place in a money Bill.

Lord Harmar-Nicholls, persuaded that if he pushed his arguments against this Bill, he could bring the Lords into conflict with the Commons, agreed that he should not use this particular occasion to raise the standard for rights of the peers.

He acknowledged that since the constitutional crisis of 1911, the Lords had been cautious in their handling of Finance Bills. "Perhaps too cautious to the neglect of our own vital function of acting as a watch-dog to safeguard the constitutional freedoms of the individual in a free society."

Lord Harmar-Nicholls acknowledged that only a few days earlier, Mr. George Thomas, the Speaker of the Commons, had ruled that this Finance Bill was indeed a pure money Bill.

Naturally, the Lords accepted that this decision had been unquestionably objective. But if new evidence could be produced to show that the section complained of was matter foreign to a money Bill, then it would be no slur on the dignity of the Speaker to ask him to consider the new evidence, Lord Harmar-Nicholls suggested.

He advocated calling on one of the Law Officers of the Crown to confirm whether or not the Bill went outside the bounds of a money Bill.

The section complained of enabled a tax inspector to enter a citizen's home and take away documents belonging to him. This went quite beyond the levying and collection of taxes, the proper subject matter of a Bill such as the Finance Bill. It was an aspect that Lord Harmar-Nicholls believed had not been put to the Speaker.

But in view of all the considerations he was prepared to withdraw his motion now and bring it up again in September when this Bill would not be affected.

His proposed motion would urge that the Privileges Committee should review the Standing Order on money Bills.

It would be a move to prevent the ancient powers and privileges of the Lords from falling into disuse—particularly in regard to future Finance Bills, Lord Harmar-Nicholls argued.

Speaker's ruling leads to protests

THE SPEAKER Mr. George Thomas refused to allow any references to the Appeal Court's decision over Tameside schools. He told Mr. Christopher Price (Lab., Lewisham W.) that the matter was sub judice.

There was a roar of noise from both sides of the Commons as Mr. Price repeatedly tried to raise points of order and was forbidden to do so by the Speaker.

Mr. Price declared: "I have a submission to make on the Tameside case." The Speaker replied that he had not come to the House unprepared. He had considered the matter and had decided not to take points of order on it.

Mr. John Mendelson (Lab., Penistone) protested on Mr. Price's behalf that he could remember many occasions when an MP had been allowed at least to make a submission, and Mr. Dennis Skinner (Lab., Bolsover) recalled that he had been allowed to comment on the Clay Cross affair in similar circumstances.

The Speaker interrupted Mr. Skinner to ask him to "state your point of order as politely as you can."

Mr. Skinner retorted: "There is one thing I shall not do and that is grovel." He claimed that "many, many times, week after week—whether the Clay Cross matter was sub judice or not in your view—it was mentioned over and over again in this chamber."

The Speaker reminded the House that it had given him discretion in this matter "I am using that discretion."

The exchanges ended when the Speaker concluded: "There can be no question this afternoon of my changing my mind on this question."

Cabinet ready to publish devolution White Papers

BY PETER HENNESSY, LOBBY CORRESPONDENT

THE CABINET's devolution committee met yesterday under the chairmanship of the Prime Minister to put the final touches to the latest of a series of White Papers which will be presented to Parliament next week.

Mr. Michael Foot, Lord President of the Council, will make a statement in the Commons, probably on Tuesday. He will deal with a number of outstanding issues upon which the Cabinet must reach a decision before publishing its enormous devolution Bill of over 100 clauses in November.

These include the question of whether responsibility for Scottish private law and the Scottish courts should be devolved in their entirety to the Edinburgh Assembly. Matters affecting regulation of the professions—whether the standards for Scottish lawyers, teachers and architects should be decided on a U.K. or a Scottish basis—will also be resolved in the White Paper.

The possible removal of responsibility for the Scottish universities from the University Grants Committee to the Assembly will also be on the agenda. The Committee of Vice-Chancellors and Principals, though opposed to such a move, is resigned to Mr. Foot succumbing to devolutionary pressure and approving the transfer.

Mr. Foot will also delineate the mechanism for deciding matters of *vires* whether an act of the Scottish Assembly is, or is not, within the powers devolved to it. He is almost certain to allot the decision at pre-assent stage to the judicial committee of the Privy Council.

Attention wil be concentrated next week on the post-assent stage, in particular on whether the propriety of an Assembly Act can be challenged in the courts, or whether, like a Westminster Statute, it will stand in its own right.

Ministers are known to be concerned to avoid the danger of the Scottish courts becoming politicised, as was the Industrial Relations Court established under the Conservatives' Industrial Relations Act.

But the most trying area with which Ministers and officials have had to deal is the revenue powers to be granted to the Scottish Assembly, over and above the provision of a block grant. Ministers are convinced that Scotland must have its own revenue-raising powers if the Edinburgh Assembly is to be fiscally responsible.

Consideration has been given to a local income-tax or a rates surcharge. The possibility of indirect taxes—such as a tourist tax—has also been examined, but this might contravene EEC regulations. The prospect of a dual system of taxation—Scottish and U.K.—raises complicated administrative problems and the prospect of extra staff needed to handle it.

With the Government yet to make up its mind about the Layfield proposal for a general local income-tax, next week's White Paper will probably leave the question open. One possible solution considered by Ministers has been to make the revenue clauses in the Bill "green," leaving the final decision to be negotiated between Whitehall and the Edinburgh Assembly once it has been elected in spring, 1978.

Mr. John Silkin, Minister for Planning and Local Government, and a team of officials in the Department of the Environment, are preparing a Green Paper on devolution to the English regions. Ministers are keen to publish it before the devolution Bill is placed before Parliament, although the Bill itself will not deal with English devolution.

A longer-term headache for the Government is the nature of devolution to Wales. There is a growing conviction in Whitehall that unless there is legislative, as well as executive devoution, to the Cardiff Assembly, the exercise is predestined to fail.

Industry Act financial aid change

Financial Times Reporter

CONDITIONS governing the provision of financial assistance under the Industry Act for leased plant and machinery were outlined in the Commons yesterday by Mr. Alan Williams, Minister of State for Industry.

He told Mr. Michael McGuire (Lab., Ince): "From to-day the cost of plant and machinery leased for a minimum term of four years will be included among eligible project costs for the purpose of determining the appropriate level of selective assistance.

"This change will apply for projects eligible for regional selective assistance under Section 7 of the Industry Act and for projects eligible for selective assistance under the accelerated projects and sectoral industry scheme introduced under Section 8 of the Industry Act."

STATE OF GOVERNMENT PROGRAMME

Mr. Foot's daring display

BY RICHARD EVANS, LOBBY EDITOR

THE LONG-running saga of the Government's business programme, which has contained elements ranging from high drama to low farce, now seems certain to surmount the major hurdle of the Commons this week, thanks to the audacity of Mr. Michael Foot's guillotine technique.

But before the fraught programme ends safely with all Government Bills on the Statute Book by the end of the session, the five most contentious measures, all subjected to curtailed debate under the guillotine procedure, must complete all their stages in the Lords. And the Tory-dominated Upper House may well be tempted to send some of the Bills back to the Commons massively amended.

The chaotic state of the timetable has been caused by three factors—the crowded programme with more than its fair share of controversial Bills in addition to the weight of routine legislation, the Government's minimal overall majority which disappeared altogether for part of the session, and a new and inexperienced team in the Leader of the Commons, Mr. Michael Foot and the Government Chief Whip, Mr. Michael Cocks.

Until Mr. Foot's ruthless, but successful, tactic of tabling three guillotine motions covering five Bills, the Opposition was convinced that at least one major measure would have to be dropped because of their delaying tactics. But now the situation has changed dramatically.

Two Bills, those implementing comprehensive education schemes and giving security of tenure in agricultural tied cottages, completed all their Commons stages last week, the Dock Work Regulation Bill was finished on Monday and the most fiercely contested of all, the Aircraft and Shipbuilding Industries Bill, should receive its third reading to-morrow night provided the Government Whips do their job properly.

The last of the five, the National Health Service Bill, phasing out pay beds, completes its prolonged committee stage under guillotine next Tuesday but will not be ready for the Lords until the autumn spill-over period.

Because of thelogpam so late in the session, the long-suffering Lords are having to return on September 27 to consider all the controversial Bills as well as a mass of routine legislation. Only the Education Bill, which has its second reading to-morrow, will have made any progress before the recess.

So far this session, 37 Bills have reached the Statute Book but as many as 39 are still at various stages in either the Lords *or Commons—an unusually high* number. It seems impossible that all will become law unless the session is extended to the end of the year or beyond, but many are consolidation measures or non-contentious legislation which will require little or no debate—for example the Endangered Species Bill, the Companies (No. 2) Bill and the Insolvency Bill.

The Lords also has no power to amend money legislation, including the Finance Bill.

Nevertheless, peers will find an enormous work load awaiting them in September. If they complete their work within five weeks, it will be remarkable, but much depends on their mood when faced with such controversial Bills.

Conservative peers, who have a built-in majority, fully realise they must pick the issue very carefully when they seek to amend or reject Commons legislation, but feelings could run high.

Because of the difficulty of judging how long the current session will last, no date is expected to be announced yet for the opening of the new session with the Queen's Speech. This is usually in early November but it could well be delayed this year, giving rise to further problems for Ministers. Next session will be fully occupied by the massive devolution legislation and by a Bill preparing for direct elections to the European Parliament, and it is vital that as little time as possible is lost.

Mr. Foot's strategy, although greatly aided by his ruthless use of the guillotine, still faces difficulties because of the Government's lack of a Commons majority and because of hostility from the Lords. But the Government's business managers are now confident that they will succeed in steering all their major Bills on to the Statute Book by the autumn.

The table below shows the current state of the Government's programme.

HOUSE OF COMMONS

AWAITING SECOND READING	REPORT AND THIRD READING
Drought L	Aircraft and Shipbuilding Industries
Endangered Species (Import and Export) L	Bail L
*Land Drainage L	Dock Work Regulation
National Health Service (Vocational Training) L	Electricity (Financial Provisions) (Scotland)
Public Lending Right L	Energy L
Weights and Measures, etc. (No. 2) L	Insolvency L
	International Carriage of Perishable Foodstuffs L
	Licensing (Scotland)
	Maplin Development Authority (Dissolution) L
	Rating (Chairty Shops) L
	Road Traffic (Seat Belts)
	Supplementary Benefit (Amendment)

STANDING COMMITTEE

- Companies (No. 2) L
- Development of Rural Wales L
- Health Services
- Industry (Amendment)

LORDS AMENDMENTS

- Agriculture (Miscellaneous Provisions)
- Armed Forces
- New Towns (Amendment)
- Police

HOUSE OF LORDS

- Education
- Finance
- † Hare Coursing L
- Iron and Steel (Amendment)
- Local Government (Miscellaneous Provisions)
- Parliamentary and other Pensions and Salaries
- Race Relations
- Rent (Agriculture)
- * Resale Prices L
- Retirement of Teachers (Scotland) L
- * Sexual Offences (Scotland) L
- * Supplementary Benefits L
- Trinidad and Tobago Republic L
- Valuation and Rating (Exempted Classes) (Scotland) L

KEY:
* Consolidation measures.
† Before a Select Committee.
L. Bill originating in Lords.

LABOUR NEWS

Civil Service unions fail to soften cuts impact

BY DAVID CHURCHILL, LABOUR STAFF

CIVIL SERVICE unions failed yesterday to secure concessions from the Government over its plans to cut Civil Service manpower costs over the next three years. But the unions, after a 90-minute meeting with the Prime Minister, did win an assurance that to-morrow the Government would for the first time officially give details of where the cuts were planned.

The proposed cuts, part of the Government's first public expenditure cuts package announced in February, aim to reduce staff costs by £140m. at 1975 prices over the next three years.

This means a loss of some 35,000 non-industrial Civil Service jobs, apart from separate cuts of 24,000 people in the Ministry of Defence—15,000 as a result of the Defence Review and 9,000 from decisions taken by the Public Expenditure Select Committee.

About £95m. of the cuts have already been agreed by the Cabinet. The unions were given details of these yesterday, but not of the proposed £45m. cuts still to be decided.

The bulk of the cuts already decided have come from the relatively smaller Government Departments which carry less weight in the Cabinet. These include such Departments as the Scottish Office and the Office of Population Census and Surveys.

Substantial manpower savings have been achieved in the Inland Revenue by postponing the Wealth Tax and changes announced in the last Budget. The labour-intensive Department of Health and Social Security has been forced to cut staff for non-essential work, which is likely to result in a deterioration of social services.

Considerable savings have been achieved by reducing the maintenance of Government offices and the use of sophisticated personnel management.

Mr. Bill Kendall, secretary general of the staff side Whitley Council, the Service's joint union negotiating body, said yesterday's meeting that it would lower Civil Service morale as well as cutting services to the public.

The Prime Minister refused to agree to a "no compulsory redundancy" ... said, as well as saying Government could not go back on its plans to dispense with 31,000 jobs over the ... years, despite the unions' claims that the costs for this p... were rising dramatical...

The unions were told ... in the Civil Service ... other areas of public-e... were necessary to ... investment into man... industry.

● Ancillary workers ... Nicholas Hospital ... staged a token strike ... in protest at proposal... the casualty service a... half the wards.

NCB tells miners of shortages unless output is raised

BY OUR LABOUR CORRESPONDENT

FURTHER PRESSURE on miners' leaders to boost flagging coal output came yesterday at the regular quarterly meeting of the National Coal Board and the executive of the National Union of Mineworkers.

The NCB team, led by chairman Sir Derek Ezra, gave NUM leaders details of recent disappointing production and proposed targets for the coming year. They warned that unless output improved there could be coal shortages as the economy recovers.

Union leaders were told the NCB expected to produce 114.2m. tons of deep mined coal in the 1976-77 financial year, compared with 112.4m. in 1975-76 and 114.6m. a year earlier. But in the first quarter of this year production was 1.6m. tons, or about 5.2 per cent. less than in the same period of the previous year.

Because of this coal was being taken from stock when stocks would normally be growing. This was causing concern at the NCB.

The miners are rather reluctant to boost coal stocks, already standing at 32m tons, even *though* the NCB has told them it expects stocks to dwindle to between 26m. and 28m. tons during the year.

The NCB and most moderate NUM leaders already favour replacing the present unsuccessful nationally based incentive scheme by one calculated on a pit or area basis. But even if they manage to overcome opposition from the militant NUM areas, which tend to be the areas of lowest production, no new scheme could be introduced during the 12-month life of the new pay policy which starts next week.

The NUM executive will consider the issue in September.

Engineers' unions call off merger

BY DAVID CHURCHILL, LABOUR STAFF

THE BID by the Electrical *Power Engineers' Association to* recruit professional engineers and managers outside the electrical supply industry suffered a setback yesterday when merger talks with a non-TUC union already representing these groups broke down.

The United Kingdom Association of Professional Engineers, which represents 5,500 engineers in both the public and private sectors, decided against merging with the EPEA as a step to creatin gone union for professional engineers, because of the Power Engineers' reluctance to recruit in local authorities.

Professional engineers in the public sector are already represented by TUC-affiliated unions and EPEA does not want to fall fould of the TUC's rules on "no poaching," especialy since it is likely to face such allegations from other unions in the private sector.

UKAPE has also ruled out a merger with the non-TUC Association of Professional Scientists and Technologists because APST also does not want to recruit engineers in the public sector.

But EPEA's recruitment drive have received a slight boost by the overwhelming decision of small Wiltshire-based staff association to merge with it. Some 101 of 106 engineers balloted at the Westinghouse Brake and Signal Company voted to join the EPEA. But the EPEA has said it will have to wait until its membership reaches 200 before it can merge. The staff association hopes to reach this target by the end of August.

EPEA is also hoping that a ballot to be held next month of members of another non-TUC union, the Association of Supervisory and Executive Engineers, will also result in an eventual merger.

● An attack on attempts by TUC unions to absorb small staff associations came yesterday from the Shipbuilding and Allied Industries Management Association which, as reported in the Financial Times yesterday, has received a certificate of independence under the Employment Protection Act.

"We are open to be persuaded of the advantages of TUC membership, but we shall resist to the utmost of our ability any attempts to bully us into submission and to deprive managers of a voice in the affairs of their industries," SAIMA said yesterday.

Radio London strike ends

BY OUR LABOUR STAFF

THE NATIONAL Union of Journalists yesterday called off a five-day-long strike by staff at BBC Radio London over the dismissal of Mr. Denis MacShane, a member of the union's executive.

Mr. MacShane is to appeal against his dismissal to Sir Charles Curran, director-general of the BBC. He lost his job with Radio London after making a remark about Mr. Reginald Maudling while telephoning one of the station's phone-in programmes posing as a member of the public. The call was made at the request of a producer.

Mr. MacShane's decision to appeal to the director-general was endorsed at a meeting of NUJ representatives from throughout the BBC yesterday. There had been speculation that this meeting might extend the industrial action in support of the NUJ's claim that Mr MacShane has been victimised for his trade union activities.

Minimum wage 'ignored'

THE DEPARTMENT of Employment is accused to-day of recruiting catering workers for employers who pay less than the industry's wages council minimum wage.

A special report which highlights low pay and homelessness among catering workers says that the Department, which is responsible for enforcing the minimum wage, is regularly sending men into jobs which pay up to 20p an hour ... the minimum.

Eighteen out of 24 ... viewed outside one E... exchange in London ... to underpaid jobs ... report by the Low Pay ... the Campaign for ... People.

The report says ... men and women ... London's hotels and ... sleep rough.

TGWU denial on official's j

BY OUR LABOUR STAFF

MR. JACK JONES, Secretary of the Transport and General Workers' Union, denied yesterday that his union had had any part or influence in securing part-time Government appointments for a TGWU national official who is retiring from the union for medical reasons.

He issued a statement saying the facts of the case had been "totally distorted" in the Press, and threatened legal action if statements alleging union involvement were repeated.

Meanwhile, the rival Union of Construction, Allied Trades and Technicians, whose general secretary, Mr. George Smith, initiated the allegations of TGWU influence with Ministers, met to consider the next step yesterday.

UCATT's national executive decided to defer for two weeks any decision on whether to withdraw from the Construction Industry Training Board, and to talk to Ministers in the interim.

It was the appointment of Mr. Leslie Kemp, TGWU national building secretary, to the chairmanship of this Board that started the row, plus the fact that he has also been appointed to two town develo... poration jobs.

Mr. Jones also refe... day to a testimonial ... Mr. Kemp's succ... George Henderson, ... helping to organise ... initiative for this fun... from employers, wh... Kemp in high regar... decision to retire ... TGWU, but before ... appointments became ...

The fund had ac... employers' request "... sole and only purpose ... will be for the trainin... people."

Pay threat to Conc... 208 men

By Our Aerospace Corr...

THE BRITISH Airc... poration has told work... Fairford, Gloucestersh... test centre that if th... immediately stop blac... corde 208, now awaitin... to British Airways, the... get paid.

This ultimatum ... taken because recent ... get the 266 workers ... settle their grievance ... normal procedures hav...

The basis for the ... that the BAC is bein... to shut Fairford as a ... centre from Nover... because of lack of ... work. The men want ... open as a flight centr... new nationalised ... Corporation, but BAC ... is not a decision it can...

As a result, of the 26... 115 will be given work, but another 151 face r... if alternative work ... found for them within ... redundancy notices a... go out in mid-to-late ...

By blacking Concord... men have delayed its ... British Airways for so... to the detriment of t... and says BAC, the n... the same time, howeve... have continued to wor... Concordes at Fairford.

The BAC says this ... factory, and has decide... the matter to a head ... the men that if the... resume work on Con... by mid-day to-day, the... get paid this week.

British Ox... workers re... pay disput...

By Alan Pike, Labour ...

REPRESENTATIVES ... Oxygen staff who are t... to strike unless they a... a pay rise next month ... the situation at a mee... TUC to-morrow.

British Oxygen to... ment of Employment ... has told the 3,200 em... its gases division they ... until the end of Sept... their next increase ... the requirement that th... be a 12-month gap ... awards.

The workers, who ... demanding strike actic... meetings in the past ... their last award was i... year, and a further i... September ... which ... pany bases its argume... threshold payment aris... the May agreement.

They ... mum under the secon... the pay ... which ... force next ...

Officials ... Tra... General ... and Municipal Workers ... and five lay deleg... represent the chemic... at to-morrow's meeting.

On the basis of pre... sions it seems likely th... support the view t... should be no increas... British Oxygen worl... September.

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The Management Page

EDITED BY JOHN ELLIOTT

INDUSTRIAL ACCIDENTS BY SUE CAMERON

Safety can boost productivity

IOR MANAGERS who e extra efforts to ensure employees avoid injury at can reap unexpected irds in terms of produc- y. higher quality workman- and lower rates of absen- m.

Government report pub- d yesterday found that a thought out safety cam- n can bring other benefits les a straightforward reduc- in the number of employees ick. But it insists that suc- ul accident prevention must at the top of companies. e report comes from the th and Safety Executive, a rnment-sponsored agency, it is based on a survey of actories carried out by its ent prevention advisory The unit was set up by Factory Inspectorate six ago but this latest survey s a new departure because e first time an attempt has made to do more than ing on machine guards and statutory requirements.

at the inspectors have to do is to take an overall at attitudes to safety. One eir chief findings is that. is to be really successful, ent prevention cannot be supervisors or production workers. The survey that those who were most sk took only a minimal est in their own safety he trade unions also paid attention to accident pre- n.

single most important in ensuring high safety ards was found to be the given by senior manage- Compliance with the law. when coupled with a vague rn for workers' safety, was just not enough. Success depended on a firm policy being formulated and enforced by top managers.

It was found that where management teams had made a wholehearted commitment to improve safety standards there were fewer absences among those actually hurt as well as a general reduction in the annual number of injuries. Levels of labour turnover were also lower in factories which took greater precautions against accidents and the report suggests that once senior managers emphasise the priority they are giving to safety, morale and loyalty among the workforce increase. Employees also become more careful while at work, they recognise potential dangers more quickly, and there is a strong likelihood that they actually work harder.

"Whatever else will motivate management, and a sense of concern for people is one thing that may, there is a clear identification in these studies between high levels of safety and health performance and correspondingly low levels of absenteeism and labour turnover. The more successful factories, wherever they were distributed, had much lower absences after injury and this suggests a better identification of the individual with the company and its objectives. While the decision as to whether or not to stay off work after injury is a personal one, managements in the more successful factories recognised the benefits that could be obtained from following progressive personnel policies," says the report.

One of the biggest difficulties managers faced was how to communicate their policies and their attitude on safety. The companies which were most successful at keeping down their accident rates were those which emphasised worker involvement and informal consultation. All the companies investigated had formal joint consultative committees on safety but these were invariably ineffective. Often important decisions were deferred over and over again and the committees became little more than talking shops.

> 'Whatever else will motivate management . . . there is a clear identification in these studies between high levels of safety and health performance and correspondingly low levels of absenteeism and labour turnover'

The report asserts that accident prevention policies need to be tailored to each company's needs. It is not enough for senior managers to base their decisions on their company's accident rate for the previous year. They must look at the severity of the injuries received in their factory and at the average accident rate for their industry as a whole. Above all they must try to discover potential hazards. The report notes that in some companies the good accident record was purely "fortuitous."

Accidents include damage to machinery as well as injuries to individuals and this was one reason why successful safety policies led to increased productivity and better workmanship. The report points out that it is important to consider whether the introduction of new machinery or changes in working methods could constitute a safety hazard. Constant feedback from production line workers and from line managers is the only way to ensure that potential dangers are recognised.

The report stresses the need to alert supervisors and first line managers to the importance of accident prevention and to provide them with proper training. In some cases a tightening up on safety will mean extra responsibility for supervisors and it is therefore vital to give them recognition for that work.

The survey showed that in factories with a high accident rate safety officers often spent too much time dealing with insurance claims, issuing protective clothing and checking that legal requirements were observed. Safety officers should devote more time and energy to advising line managers and to checking potential hazards on the shop floor.

It was also important for them to monitor their companies' safety performance and to show whether agreed procedures were operating effectively. The report notes that in many places the "reality is quite different from the intention and a continuation of outdated or unobserved procedures quickly leads to cynicism at work level."

It recommends that once a safety policy has been agreed at Board level a director should be nominated to take special responsibility for its enforcement. Financial provision should be made for improving safety standards and information on the steps taken to prevent accidents should be published.

Success and Failure in Accident Prevention. Health and Safety Executive. SO 80p.

Technical barriers to trade fall

BY LORNE BARLING

MANY OF THOSE Common Market supporters in British industry who were vociferous about its virtues before the U.K. became a member now have a golden opportunity to further their cause, by speedily bringing their products in line with those of their European competitors.

In a world where idealists are trying to make one type of electric plug to fit every socket from Brussels to Timbucktu, this should be a comparatively painless contribution to European unity. But many senior managers in British companies tend to call for an expert when they hear the word harmonisation. They rightly believe it to be complicated by European bureaucracy but perhaps underestimate its importance.

For the EEC countries it has been a prime objective to abolish internal tariff barriers in order to stimulate trade, but the next step in integrating some of the most powerful industries in the world is to progress further on agreement on standards.

Once those standards are agreed, products which have been harmonised or manufactured to those standards, will have more expanded markets available to them in Europe. For that reason the Brussels machine is now grinding down these so called "technical barriers to trade."

British companies are obliged to conform with the "directives" which come out of Brussels and are enforced by the Department of Prices and Consumer Protection, but the industry concerned is normally consulted before negotiations are completed.

The latest package of 18 directives from Brussels is the result of several months of hard bargaining and is regarded as a major achievement: it also illustrates that the simultaneous adoption of several drafts necessitates room for negotiation. In a long-term programme which is enormous both in its execution and its implications, this is an important factor.

Although considerable cost is often incurred in meeting new standards requirements, the long term benefits in producing more widely acceptable products will certainly outweigh the problems in most cases.

Although harmonisation policy was originally aimed at a broad range of products, it has evolved most rapidly in the consumer goods sector mainly because of the great differences in this field. There was much emphasis on safety.

Similarly, the degree of harmonisation varies: in some cases harmonisation is total, with existing national standards being replaced by EEC standards. In others, only a general reference to standards is made, providing for reliance on conformity with relevent national and international standards.

Many major companies producing products likely to be affected have appointed senior management to keep abreast of the often complex difficulties which arise in formulating the directives. Trade associations also play a vital role in making industry's views known.

Directives

In drawing up the draft directives, the EEC Commission bases its decisions on the technical requirements of the member countries. As a means of providing agreed technical criteria to be used as a reference, the Community has adopted in principle the policy of using, where possible, harmonised European standards developed in the European standards bodies—CEN (The European Committee for Standardisation) and CENELEC (The European Committee for Electrotechnical Standardisation).

U.K. participation in the work of the standards bodies is organised through the British Standards Institution and its consultative committee network—representatives of the various national interests concerned. Government officials are responsible for representing U.K. views in the EEC working parties engaged on the preparation of directives.

A major aim has been to allow industry and interested parties maximum access to directives while in the development stage. But this has certainly contributed to delays and the programme is well behind schedule.

It has also proved difficult to achieve agreement on technical requirements, often as a result of inherent differences in practices in member countries, but this has on occasion been overcome by inter-industry tradeoffs between member countries. Although this is generally regarded as unsatisfactory it has become a necessary expedient.

Most companies affected by the latest round of directives to come out of Brussels appear to be well prepared for them: the motor industry, subject to eight directives on lighting and indicators, is one of the most advanced and well on the way to a "European model" car.

It is clear that larger companies, such as the multinational motor or electronics groups, will gain from harmonisation. They are familiar with a range of markets and have already adapted their products for purely commercial reasons.

Smaller U.K. companies, some of which have actively resisted harmonisation on cost grounds, may even opt out of export markets rather than meet the directives. In these circumstances, close co-operation with trade associations is regarded as essential.

There has also been recent criticism that test houses in some EEC countries have been unnecessarily obstructive, particularly in the domestic electrical product market. This matter was raised in the recent NEDO sectoral working party report covering these appliances.

Although the British Electrotechnical Approvals Board is working with its European counterparts to increase mutual recognition of test certificates, there are considerable problems of interpretation. For example, what is meant by marking an item in "a conspicuous manner?"

Apart from harmonising the product standards, the test standards themselves must be consistent in all countries if the principal of "equal agony" for all manufacturers is to be followed.

But manufacturers in general appear to have just cause for complaint if investment in harmonised products does not ensure entry into specified markets as a result of administrative barriers.

MANAGEMENT CONSULTANTS

Record work overseas in 1975

BRITISH MANAGEMENT consultants carried out a record amount of work overseas during 1975 and expect this to increase further this year, especially in the Middle East and South America.

This emerged yesterday from the annual report of the Management Consultants Association whose 24 members reported overseas business in 1975 worth £9.2m., a 22 per cent. increase over 1974. This accounted for about one-third of their total business and helped to boost a limited increase in activity at home, giving an overall total of £28m.

If concerns outside the association are included—notably PA Management Consultants which gave up its membership last year when it had £10m. overseas work—the total work carried out abroad is much higher, maybe totalling some £25m.

The sharp increase in overseas activity is partly caused by the falling value of the pound and partly by consultants paying more attention to overseas business because of the state of the U.K. economy.

Explaining this yesterday when he presented his annual report, the association's chairman, Mr. Tony Howitt, of Peat, Marwick, Mitchell, said, "Management consultants have made the grade in export markets, particularly in the Middle East, where competition for contracts from up to 100 firms of all nationalities is not unusual."

In particular there were foreign demands for work on cost control systems for construction contracts and in joint ventures with other professions, on financial control systems for overseas branches of U.K. companies, and executive recruitment for overseas appointments

However, there were difficulties sometimes in finding management consultants willing to work abroad. "It is becoming increasingly difficult to state clearly to an employee what will be his U.K. tax status if he goes on a particular assignment abroad, particularly when the duration of the assignment is uncertain," said. Mr. Howitt.

In the U.K., the state of the economy and the new skills required by companies because of continuing pay and price controls had led to increased work on job evaluation and salary structures and on manufacturing cost control systems. There was also a lot of work on computers and on linking financial and process models for new plants.

John Elliott

Shortage of secretaries

DESPITE improvements in pay there is now a severe shortage of secretaries and shorthand typists in central London according to the latest quarterly survey of secretarial and clerical salaries published by the Alfred Marks Bureau.

The survey found that secretarial vacancies are exceeding applicants by more than six to one even though skilled shorthand typists can now expect to earn £9 a week more than ordinary typists.

Between the beginning of March and the end of May this year—the period covered by the survey—audio typists received the biggest pay rise and young machine operators were awarded the smallest increase. Average wages for audio typists went up by £2.25 a week while the machine operators were only given an extra 25p.

The survey shows how the gap between shorthand and audio typists' salaries and those of other office workers is widening. While secretaries and audio typists are at a premium job opportunities for people without special office skills are fairly limited.

Salaries in London are still ahead of those in the regions although there is slightly less difference now than there was a year ago. Pay for office staff in the provinces is now 68 per cent. to 78 per cent. of that received in London. The average weekly wage for an experienced secretary in London is £50 while in Basingstoke, which comes second in the salary league table, it is £39.

INESS PROBLEMS BY OUR LEGAL STAFF

ed and eakfast gains

"bed and breakfast" to make a loss, so as to gains made on other assets, ssible, but is it permissible object is not to make a loss avoid becoming liable on ? For instance, if I sell worth £900 and make a profit, but make no other als that year, the deal below £1,000 will not tax. Can I then buy back the next day for say

he bed-and-breakfast pro- may be used to take tax- ains, in just the same way more common use to sh allowable losses. gh the former Financial ary to the Treasury, Dr. Gilbert, said in April 1975 there is no fundamental on to the bed-and-break- vice by individuals . . . as as all capital gains are into charge to tax," the t legislation does not uish between loss-making rofit-taking deals, except s

arity stees

the Trustee Investments il, a trustee can invest up er cent. only of a portfolio ties unless the trust deed s otherwise. I now under- hat a trustee to a charity avail of section 20 of the s Act, 1960, under which invest in what is termed mon investment scheme" he trust deed specifically s him from so doing. The trustees of such common investment funds seem to be permitted to invest fully in equities. Surely this is an indirect way for charity trustees to avail of powers not given to other trustees and if so why is there discrimination?

The wider investment powers given to charity trustees by section 20 of the Charities Act, 1960, prompted the extension of the investment powers of trustees generally in the following year, by the Trustee Investments Act, 1961. The fact that charity trustees' statutory investment powers are wider than those of other trustees is only one example of the special status accorded to charities in the U.K.

The investment powers of charity trustees under the two acts are discussed on pages 108 to 122 of Mr. D. G. Cracknell's book on the Law Relating to Charities, which was published by Oyez in 1973 at £3.25 (SBN 85120 161 X).

Duty of a director

I rent some land to a company of which I am a director. A temporary structure, due for demolition was accidentally demolished before it took place, and as owner of the land I received compensation. Am I or the company entitled to it?

We think that your fiduciary duty as a director of the company would require you to account to the company for the compensation received.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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WEDNESDAY, JULY 28, 1976

Problems of growth

THE MOST interesting section of the latest OECD report on the economic outlook is its scenario for growth between 1975 and 1980. It should be made clear at once that this scenario is not a forecast and that 1980 is not a precise date. The object of the exercise is to produce an internationally consistent set of figures which illustrate one of the many possible ways in which the economic situation may develop over the next few years and to consider, against this framework, some of the policy problems which seem likely to arise. Thus, although the implied average growth rate of 5½ per cent. for the area as a whole is practicable and is consistent with lower unemployment, better balance of payments equilibrium and a return to moderate rates of inflation, it is also held to imply "extremely prudent and skilful" economic management over the next few years.

There are said to be three main problems of policy which will arise in achieving such a rate of growth. The first, clearly enough, is to continue bringing the rate of inflation down to a tolerable level. Although there appears to be spare capacity at the moment sufficient to support a faster rate of growth for a time, the OECD suspects that the figures may be misleading.

Inflation

What is more, it quotes past experience to show that a fast rate of growth can lead to fast price rises even when there is an ample margin of spare resources: the risk is greater now, when a period of very rapid inflation is only just coming to an end and when the business recovery is occurring more or less simultaneously in all the main industrialised countries. The OECD recommends, therefore, that member governments should aim at only a gradual recovery.

The inflationary danger is closely connected with the second problem identified by the OECD, the general need to switch resources away from consumption into capital investment and an improvement of the balance of payments. So far as the first is concerned, it holds that investment is more likely to be stimulated by gradual than by rapid and therefore precarious growth and points out that in some cases there may be difficulty in raising profitability to an adequate level or finding adequate supplies of equity capital. So far as the balance of payments is concerned, it points out that an exchange rate depreciation which helps to stimulate exports will also raise import prices and make the control of inflation more difficult. Consumption will, in any case, have to rise more slowly than national output, and the extent of the lag in personal consumption will depend on the extent to which planned state consumption is curtailed.

Differences

The third main problem thrown up by the OECD scenario is the level of unemployment. Potential (as opposed to recorded) unemployment would fall quite sharply on this model between 1975 and 1980, excluding countries in southern Europe which have an especially intractable unemployment problem, but for all that would remain considerably higher than in the 'fifties and early 'sixties. Countries like the U.K. and Italy, where expansion will have to be restrained in order "to restore internal and external equilibrium," would fare worse in this respect than the average.

This reference to the U.K. unemployment outlook serves as a reminder that almost all the problems which this scenario throws up for the OECD area as a whole are those with which we are particularly concerned in this country. The Government's basic strategy for their solution is to allow the recovery to proceed more slowly in this than in other industrialised countries and to make export demand the main force behind it. If everyone adopts the same strategy, however, nobody will gain. The OECD would have done better to supplement its account of the common problems facing member countries with a much stronger emphasis on the different extent to which these problems affect them and on the scope—indeed, the necessity—for differential action to deal with them.

More stability for the State industries

THE TURN-ROUND in the finances of the main nationalised industries has been substantial since the Chancellor signalled the end of the era of enforced price restraint for this sector some two years ago. Not all the nine industries have yet published their latest accounts. But, it is clear that five—the Post Office, the Gas Corporation, the Electricity Council, the Coal Board, and British Airways—have already managed to re-establish their operations on a profitable basis while a sixth—the Steel Corporation—is hoping to do so during the course of the current financial year. This leaves only three still incurring losses—British Rail, the National Freight Corporation, and the National Bus Company—but these concerns are all for differing reasons special cases at the present time.

First step

The improvement would appear less impressive if all of them allowed for the financial consequences of inflation. At present only the Post Office calculates its profits after allowing for the difference between the replacement and historic cost of fixed assets. From the study published by NEDO yesterday it is evident that the published figures of the remainder would have to be reduced by at least £1bn. if they applied the Sandilands system of current cost accounting. On this basis none of the nine—apart from the Post Office—would have yet returned to true profitability.

Nevertheless, the restoration of profitability on a conventional basis is a useful first step. It should be followed by the re-adoption of formal financial disciplines on the lines of those laid down in the 1960s, such as *the setting of target rates of return*, the practice of relating prices to long-run marginal costs, and the principle of separate accounting and compensation for loss-making ventures and other non-commercial objectives which are insisted upon by governments. At the same time, there may be a case for making good the anomalies which the era of price restraint has created in the industries' capital structures. The compensation paid to these concerns for holding down their prices was limited to the deficits they incurred: the profits they were prevented from making had to be made good by extra fixed-interest borrowings. As a result, as yesterday's NEDO study again shows, the industries' reserves are now lower than they would otherwise have been and the burden of interest charges and debt redemption is greater.

Confidence

The main need however will be to restore the morale of those who manage these national concerns. After the experience of the last few years, it will not be easy to create confidence that commercial objectives will not again be suddenly over-ridden when the political going becomes more difficult. The study released by NEDO yesterday is one of a series which are being prepared as part of a wider inquiry into ways of establishing a more stable relationship between the nationalised industries and their sponsoring departments. A number of possible checks and balances are being discussed. But the real difficulty will be to obtain general political acceptance of the need for a better balance between the aims of managerial freedom and public accountability. Now that profitability has become fashionable again, it will be easy for politicians to forget that Ministerial encroachment upon these concerns' commercial objectives in order to pursue some short-term political aim is debilitating *for the industries*, destabilising for their customers and suppliers, and eventually very costly for the taxpayer.

BSC's accounts are published to-day. Ian Hargreaves examines its progress in shedding labour

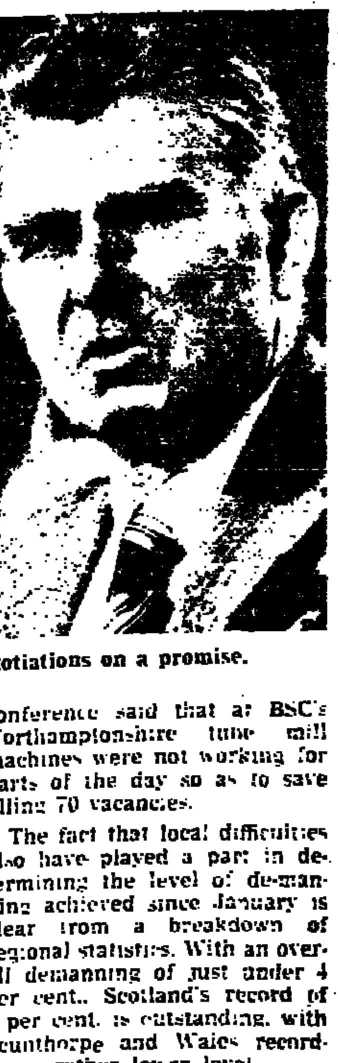
British Steel's struggle to reduce manning

IT was on January 23 of this year after all-night talks and Corporation-wide strikes, that BSC got from the steel unions a formal commitment to radical demanning. No figures were mentioned in the agreement, but there is no reason to believe that BSC has retreated from the 40,000 target figure announced at the end of 1975.

The labour-shedding strategy now faces two major questions. First, will the unions continue to co-operate in reducing the labour force as steel climbs steeply out of recession? Secondly, if they are willing, will they be prepared to accept the job-restructuring which is the bedfellow of de-manning during a period when pay policy will not allow their members cash rewards for the exercise.

The reaction from Mr. Bill Sirs, general secretary of the industry's biggest union, the Iron and Steel Trades Confederation, and chairman of the TUC Steel Committee, to this proposition was delivered bluntly this month to the Commons Select Committee on Nationalised Industries. "My members are not prepared to negotiate on a promise," he said. Certainly, the pressure from his members has been considerable.

Mr. Sirs re-asserted this position during the recent BSC-steel committee review of the January 23 de-manning agreement. He pointed out that the 8,000 job opportunities sacrificed since January were almost entirely in the area of "recession de-manning"—labour rendered surplus during the severe slump in the order book.



Blastfurnacemen at Llanwern: willing to operate joint teams. Mr. Bill Sirs (right): no negotiations on a promise.

Recessionary de-manning

The satisfaction expressed by BSC at this loss—out of a total workforce of around 215,000—conceals a deep anxiety that the initiative is on the point of petering out. The January agreement stated that recessionary de-manning would be complete within three months and that the attack on "inbuilt de-manning" would continue for a further 21 months. This is the part of the operation frozen in the inflexibility of first the £6 and now the 4½ per cent. pay limit.

The possibility that the deal would come to nothing because of pay policy was recognised by the Corporation in January.

But there is no doubt that consultation between management and individual unions at plant level on job restructuring has produced some considerable advances. The unions have shown a considerable commitment to the introduction of new technology by suggesting an easing of demarcation lines in a way unthinkable a decade ago.

These concessions, though, fail to reach the root of the problem. BSC knows that it must achieve *formal* plant level talks about re-structuring on an inter-union basis: the creation of the "joint teams" referred to in the January 23 agreement.

Talks with trade unionists from BSC's Welsh and Teesside Divisions suggest that in at least some areas there is a willingness to consider operating joint teams, but the feeling is that the first move must come from national officials. Mainly because of a quite serious split between craft and manual unions on the TUC Steel Committee this leadership is unlikely to be forthcoming. The National Craftsmen's Co-ordinating Council, with approximately 27,000 members in BSC, is pressing for the creation of a national joint industrial council with individual representation for the 12 unions which its two delegates now speak for on the Steel Committee. It is unlikely that they will countenance inter-union negotiations on the question of job structures at a time when they feel their case for a joint industrial council is being sidestepped by the production unions.

Unemployment figures

It is true, also, that even if the unions could resolve their differences about representation, the effects of pay policy would raise new difficulties for the restructuring exercise. The prospect of seeing the programme virtually frozen until August 1977 is not one which appeals to the corporation especially in divisions such as Teesside, where the pressure on traditional working practices from new plant is most fierce. Another argument of some union officials in defence of their reluctance to see the labour-shedding programme gather pace rests on the worsening national unemployment figures. In areas such as South Wales and North East England, the prospects of alternative jobs for redundant steelworkers are not good, in spite of the best efforts of BSC's recently instituted job-stimulation subsidiary BSC (Industry).

And even if union leaders like Mr. Sirs do decide later in the year to soften their line on bargaining on the base of a promised future pay increase, they know that the de-manning strategy faces grave dangers when stage two of the pay policy ends.

One possibility, if a national decision emerges for a prompt return to free collective bargaining in August 1977, would be a bursting of the pay dam in steel as elsewhere. Whether even the best laid joint-team plans would survive this is highly questionable. Inter-union conflict and a fevered session of pay leap-frogging would be the order of the day.

It is unlikely that this will happen, because it is unlikely that the TUC will sanction a return to immediate, unfettered bargaining next year. BSC has already pressed its case on the Government for a stage three of policy containing an element of reward for real productivity, as opposed to traditional differential settlements.

If such a policy does come about—and it is still far too early to make predictions—BSC could have in its Work-Measured Incentive Scheme at least part of a basis for proceeding in an orderly way towards its productivity targets. Most opinion within the corporation, though, accepts that the Work-Measured Incentive Scheme, which is already operative for a large number of craftsmen in the industry, would provide only part of the solution. The complete answer would be a thorough-going process of job evaluation, but this could probably only be accomplished with the so far elusive inter-union support. But even if this were achieved de-manning on the scale envisaged by BSC looks like a ten-year rather than a two-year project; and there are those inside the Corporation who feel that such delay—even indeed one of half this order—*would accelerate the Corporation's* slide down the international productivity league to a speed from which it would not easily recover.

In the meantime, the outlook is not bright. Some BSC directors now accept that the corporation will have its work cut out with the present slimming operation, let alone shedding a further 32,000 jobs by the end of next year.

Certainly some union leaders including Mr Sirs have started to talk about labour shortages in some areas. A Corby delegate to the Iron and Steel Trades Confederation recent London conference said that at BSC's Northamptonshire tube mill machines were not working for parts of the day so as to save filling 70 vacancies.

The fact that local difficulties also have played a part in determining the level of de-manning achieved since January is clear from a breakdown of regional statistics. With an overall demanning of just under 4 per cent., Scotland's record of 9 per cent. is outstanding, with Scunthorpe and Wales recording a rather lower level.

In terms of BSC's running targets, progress appears to have been less marked in manual grades than on the staff side. In fact reductions of job opportunities among staff have slightly exceeded so far the target laid down in January.

BSC and the unions are also able to feel some satisfaction about a marked decline of stoppages this year. Even so, the corporation is concerned that the two conflicts which have occurred — among white-collar staff in Scotland and maintenance grades at Ebbw Vale—were not dealt with more rapidly at a higher level by the unions.

Behind the front-line weaknesses of the restructuring programme there remains disagreement within both the corporation and the Steel Committee about the ideal size of the de-manning exercise. The corporation arrived at its 40,000 figure on the basis of 1973 international productivity comparisons included as an appendix to the January 23 agreement. This showed BSC able to produce 131 liquid steel tonnes per man-year, against 164 for France, 225 for Germany, 274 for the U.S. and 372 for Japan.

The 40,000 target was duly divided and allocated among the five manufacturing divisions, which were instructed to carry out detailed investigations in their own areas. At least one of the divisions, having [...] section heads to pr[...] minimum manning [...]ments, came up w[...] manning target subst[...] excess of its allocati[...]

The unions have w[...] on picking holes in [...]ation's international [...]sons. A union team [...] from Japan and [...] that BSC manning fi[...]lected at a particular [...] neglected the prese[...] large quantity of sub[...] labour. On a separ[...]ance, the Steel Com[...] shortly to carry ou[...] investigation of mann[...] at the Sidmar stee[...] Belgium following [...] that the Corporat[...] gathered inaccurate [...] there and used them [...]strate the existence [...] overmanning at Lla[...] technologically [...] works.

At the Port Talbot, South Wales all un[...] signed an agreement [...] Corporation that, as a [...] of the works receivi[...]ment worth about [...] today's prices, they [...] operate in achieving [...] force of 12,000 men [...] about 8m. tonnes of [...] year—500 tonnes per [...] Of course, the fact tha[...] agreement had been [...] did not preclude a w[...] of difficulties in w[...]wards it, but there [...] fears in South Wales [...] Talbot's currently sta[...] trial relations could [...]turbed by last week'[...]ment decision to [...] investment available [...] works.

The price of failure

The price of failur[...] out in the Beswick [...] steel closures in Sco[...] year ago, is the prosp[...] uncompetitive industr[...] further behind in its [...] targets. At the mo[...] future is as uncertain [...] was. As one BSC di[...] it: "We now know tha[...] to travel from A to Z. [...] can tell us how we ge[...]"

The plainest temp[...] the demanning operat[...] to stall is to reve[...] threat, noted in the [...] agreement, that if red[...] are not achieved by [...] means and natural [...] there will be sackings. [...] to say that this wo[...] disaster. So far there [...] no forced redundancie[...] is the chief reason [...] degree of trouble-[...] manning achieved.

For the unions, [...] would be a declaratic[...] and the steel industry [...] enough to know what [...] mean.

BSC PRODUCTIVITY COMPARISONS

	Liquid steel tonnes per man year	Productivity index	*Employees required
BSC	131	100	182
France	164	125	146
Germany	225	172	106
Italy	232	177	103
Netherlands	243	185	98
U.S.	274	209	87
Japan	372	284	64

* Number of employees BSC would need to employ, in Iron and Steel activities, to achieve comparable productivity given comparable plant configurations.

MEN AND MATTERS

Back to a traditional banker

When Robert Leigh Pemberton takes over as chairman of National Westminster Bank next April he will represent a return to a tradition of the gentleman banker. He is a predictable clearing bank appointment of the old style, and at a time when the banks are trying to give the impression of joining the 20th century.

His route to the top in the City has been through Eton, Oxford, the Guards, six years as a barrister, running the family farm in Kent and, an involvement in public and business affairs including chairmanship of Kent County Council.

Leigh Pemberton's involvement with the group came through appointment to the NatWest South-East regional Board in 1970 as an important local figure. He progressed from there, though, to join the main Board in 1972—an invitation which he says he was "happy and agreeably surprised" to receive—and to become a deputy chairman two years ago.

His biography illustrates the differences in the process leading to his emergence from that which brought his predecessor to the chair. Sir John Prideaux had spent his working career in the City through his family merchant banking business of Arbuthnot Latham. And in his six-year stint Sir John has found that these days the job has to be treated as a full-time occupation.

The new chairman recognises that NatWest is likely to take up much more of his time, and other commitments including the chairmanship of Birmid-Qualcast will have to be reconsidered. He would be sorry to give up all his other connections, though, and argues that the function of a chairman demands the same kind of qualities whatever the organisation involved, whether a bank, an industrial company or a village cricket club.

The job of heading one of Britain's leading banks, Leigh Pemberton maintains, requires talents complementary to those of the executive bankers who these days are also members of the policy-making Board. He will have to consider the impact of NatWest's actions not only in banking terms but in the wider context of the group's public responsibilities.

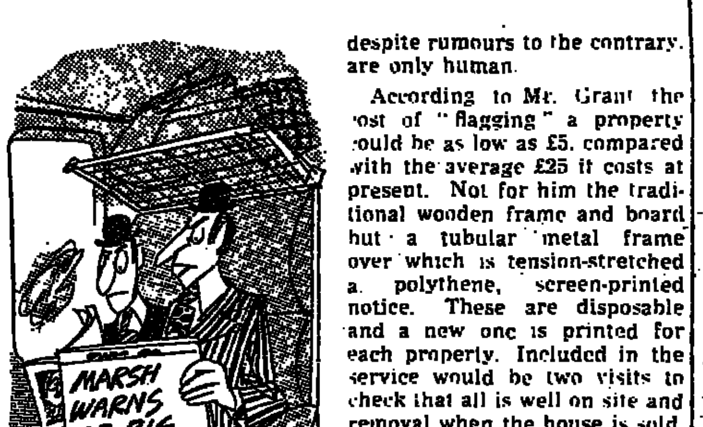
Taking over at the relatively young age of 50 he will have at least ten years to develop this role, with one of his early preoccupations likely to be what he described as the "grumbling appendix" of the bank nationalisation issue. Let us hope that the reality of that disease will not occur before the 21st century.

Depends how you look at it I suppose

A colleague on holiday in Bournemouth went into a restaurant for afternoon tea and asked the waitress: "Are the *scones home baked?*" The waitress paused for a second and then answered somewhat uncertainly: "Well, sort of. They're home-baked at a local factory!"

Smith really does exist!

Remember the various anecdotes about Smith and his Rolls-Royce? Well apparently a "Smith" really does exist. An official Rolls-Royce dealer has advertised the following in a national daily paper: "A Rolls-Royce Phantom V James Young Touring *Limousine, painted* Garnet and upholstered in Maroon leather with leather headlining and fitted with over £60,000 worth of extras including colour TV with video tape players, cassette recorder, special cocktail cabinet, compendium of games, etc. Everything electrically operated from panel in the rear centre arm rest. Gold plated interior fittings and mascot. Telephone and refrigeration front and rear. . . ." Don't all rush chaps.



"And that's the bloke on the way out . ."

Neon next step?

Those rather tatty boards outside houses up and down the country proclaiming "For Sale," "Under Offer," "Sold," etc., could come in for some long-overdue revamping if one Scottish businessman has his way. Mr. Duncan Macmillan of Grant Signs, Esher, has applied for the patent to market a new, glossy, plastic version of the traditional estate agent's board. I'm not sure that I agree with the idea in principle. After all, *those mouldy boards, most of* which seem to fall down into the garden and remain there rotting for weeks on end, are a sure sign that estate agents, despite rumours to the contrary, are only human.

According to Mr. Grant the cost of "flagging" a property could be as low as £5, compared with the average £25 it costs at present. Not for him the traditional wooden frame and board but a tubular metal frame over which is tension-stretched a polythene, screen-printed notice. These are disposable and a new one is printed for each property. Included in the service would be two visits to check that all is well on site and removal when the house is sold. Mr. Macmillan reckons that his system could save the estate agency business £30m. a year.

The trouble is that with all such ideas they need capital to get them started and he is currently looking for backing of £50,000. With a little more cash he could have gone further: surely flashing neon signs with such famous names at Knight Frank and Rutley or John D. Wood on them would brighten up some of the duller London streets at night.

Acid, acid

A friend's wife was woken in the early hours of the morning by her son, who was complaining of stomach pains. Naturally she rang the doctor and apologised: "Have I woken you up?" she said. The doctor replied: "No. Do you want to ring back later?"

Historical note?

Since it is getting close to the start of the traditional summer "silly season" I offer you the following thought. If the Earl of Sandwich had been at the Crimea and the Earl of Cardigan had been a gambler, we would be wearing sandwiches and eating cardigans.

Observer

FINANCIAL TIMES SURVEY
Wednesday July 28 1976

Middle East Construction

The fastest developing region offers the industry big prizes but also fierce competition. Fixed price contracts, unconditional guarantees and harsh contract terms are an inhibition to companies. Manpower shortages and port congestion are serious problems.

The isks nd ewards

Richard Johns

Middle East Editor

Middle East is under- a construction boom of rtions that must be un- dented anywhere in the !. Inevitably, the region has the main focus of interest he international construc- industry since the escala- of oil prices in 1973-74. A large proportion of the . or so oil revenue that ow to the countries of the will end up in bricks and r.

haps the most revealing statistics in Saudi Arabia's d Five-Year Plan, is the ried deep in its 600 pages shows that no less than f the $142bn. expenditure ied would be devoted to uction. The boom, of , is not limited to the oil cing states but is also t in other Arab countries have benefited indirectly their good fortune like Egypt, where the U.K. contractor Tarmac is tunnelling under the Suez Canal, or Jordan which has additionally profited from Lebanon's destruction.

Two years ago the corollary of the enrichment of the oil states was recession in the industrialised countries and a violent disequilibruim in their balance of payments. The attention given by many companies to the region was intensified by the fact that there was not enough work at home and idle capacity to be taken up. Aware that export performance to the region would depend largely on the ability to secure contracts, parent governments cajoled and persuaded those unfamiliar with the area into investigating possibilities or tendering.

The distortions arising from the price increase have been largely rectified since then by the oil producers' ability to absorb goods and the consumers' success in curbing imports. Even Britain, for instance, is now covering half the cost of oil imports through sales of goods to its suppliers. Saudi Arabia and Kuwait continue to generate substantial surpluses, but other producers have felt a financial squeeze. Iran, Libya, and Oman have had liquidity crises of varying seriousness and borrowed from the international market. They have slowed down their project starts and fallen behind with payments to contractors.

Nevertheless, their difficulties are a reflection of their total ongoing commitment to development. For some like Saudi Arabia, the spending spree is only just starting in a fully meaningful way. Iraq is pressing ahead fast but within its financial capability. So, too, are the United Arab Emirates, Qatar and Bahrain. For most the constraints are the non-financial ones posed by manpower shortages, infrastructure bottlenecks and administrative shortcomings of the kind that also hamper Iran and Libya.

Deeply in debt and heavily dependent on financial support from the Arab oil states Egypt will need the best foreign participation, as well as aid, to fulfil its ambitious reconstruction programme even though it has a big and relatively well-developed construction industry of its own. Sudan would need the best technology for the kind of investment programme that the surplus oil states are contemplating there. Syria is also turning to the West in search of quality.

Studied

Relatively, the importance of the Middle East in the Third World can be seen from the fact that about half the 170-80 projects currently being studied by the Overseas Projects Group of the British Overseas Trade Board are in the region. Official figures for the financial year 1974-75, the most recent available, show that contracts obtained there amounted to £447m., or 48 per cent. of the £980m. total world-wide. The value of work carried out in the Middle East in that year was £117m., or 29 per cent. of the total £395m.—an amount and proportion which would have risen appreciably since. Outstanding contracts being implemented by U.K. companies in 1974-75 were worth £559m., or 49 per cent. of the total.

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Foremost among the successes since then in terms of value would have been the ordnance factory being constructed by Wimpey-Laing for Iraq at Isfahan. Designed primarily to make ammunition and gun barrels for Chieftain tanks, it highlights the possible gains not only from government-to-government agreements (it was a negotiated deal), but also the sale of the integral hardware and technological core of projects.

Another major award was won by Richard Costain's which is constructing the civilian facilities at the air and naval complex at Chah Bahar—another fortunate rarity in being a negotiated, fixed-price contract. In that respect Costain's have prospered from a close and long-standing relationship with the Ruler of Dubai where they are now undertaking the expansion of the port and the dry dock facilities at an estimated cost of $500m.

The enormous cost of many of the projects have raised the stakes high—both the prizes and the risks. In sheer size the biggest is the gas utilisation project being carried out by the Arabian American Oil Company for the Saudi Government at a cost currently estimated at $8bn. and yielding many valuable sub-contracts like the one gained for catering by Grand Metropolitan. The second Iranian pipeline for exporting gas to the Soviet Union has a price set on it about $2.5bn. The petrochemical plant being built for Iran at Bandur Shapur is a contract value of $1.9bn. and the one under construction by Lummus-Thyssen at Basrah for Iraq is worth about $1bn. Last month Hyundai of South Korea won the award for the industrial port at Jubail on Saudi Arabia's Eastern Province with a bid of $944m. while the one made to Hochtief of West Germany and its Arab partner for the commercial port was not much less at $878m. Sir William Halcrow and Partners, ubiquitous in the region, were the consultants while Tarmac was involved with Phillip Holzmann of West Germany in one unsuccessful bid.

Contractual terms and environmental conditions in Saudi Arabia and other countries in the Middle East are certainly inhibiting, even forbidding, to contractors from other highly industrialised countries—not the least the Americans outside the areas of high technology where they excel. British and American companies have faced greater difficulties in obtaining the bank guarantees required for the performance and advance payment bonds demanded by governments which can call them in unconditionally and without explanation, a system which could make a contractor liable to $35m. or more on a $100m. contract through no fault of his own. In addition, having suffered from worse than average domestic inflation than contractors in other countries, the British have found fixed-price contracts on which the oil states insist with even greater suspicion.

While the major U.S. construction companies are nearly all privately ownde, those in Britain suffer from having an asset base that has not expanded in line with rising prices and is too narrow. This has made it more difficult for them secure backing for bonds. A novel attempt to overcome the problem was made with the National Enterprise Board's participation in the bid for a Dubai power project this year. At the same time the Export Credit Guarantee Department, which has increased its range of cover to bonds and domestic cost inflation, is now tackling the complicated issue of insuring against the insolvency of a subcontractor or partner in a consortium. The Overseas Projerts Group, meanwhile, is giving valuable assistance with pre-contractual expenses. With a slowdown in inflation rates the prospect of large fixed-price contracts in the Middle East may now look less grim. It is noteworthy that contracts won in the past two years have gone mainly to companies already established in the region and familiar with it. While British consultants are prominent in nearly every country, contractors have been completely absent from Libya and Kuwait.

Stability

With price stability at home, West German contracting companies have been successful in winning project awards in the most daunting states. They, like their Italian and French counterparts which have a close connection with their respective banking systems and are more responsive perhaps to State exhortation have not appeared to have had difficulty in getting guarantees. For the Japanese the Bank of Tokyo is known to have stepped in to back bids, and the Government is establishing a fund for supporting performance bond commitments. Last year the Middle East accounted for 39 per cent. of foreign awards won by the Japanese building contractors.

By contrast no less than 90 per cent. of South Korea's export construction work is in the region, with the value of project contracts won over the past three years now totalling at least $2.3bn. including the supertanker drydock being built in Bahrain and, under a recent award, a $300m. gas processing plant for Aramco. One reason for South Korea's dramatic penetration of the market appears to be its Central Bank's willingness to undertake the whole risk on contracts—to the point that it resorted to the international market recently to cover its growing liabilities.

However, the remarkable ability of the South Koreans to win throughout the region has astonished and bewildered competitors, whose suspicion that the South Koreans are prepared to take on "loss leaders" is probably unfounded. More to the point is a plentiful supply of cheap manpower, ability to bring it on site abroad in quantity and house it in fairly primitive conditions, and very efficient organisation. For the Jubail port, the Saudis granted Hyundai an inflation-index clause making some allowance for labour and materials.

With its labour resources, South Korea is in a good position.. For international companies the risks invlved in accepting work in stiff contract terms are greatly increased by other environmental factors.

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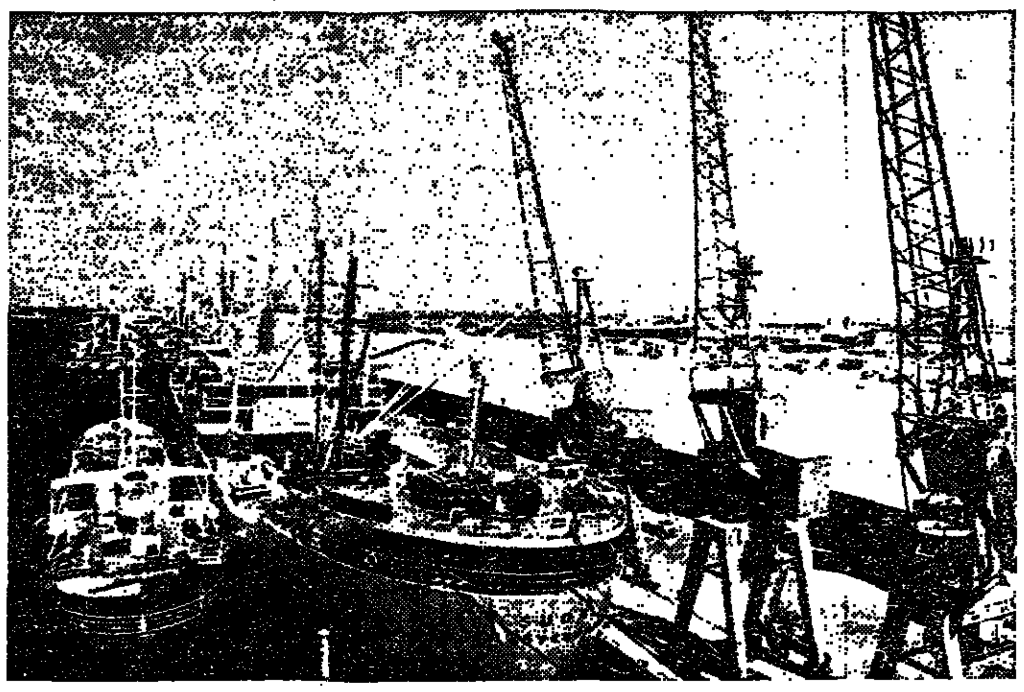
PORTS

Congestion is rife

THE EXPORTER to the Middle East is confronted with a bewildering array of transport choices, whose number and variety have shown a startling growth this year. Clearly the main impetus has come from the chronic port congestion afflicting all the major Red Sea and Gulf ports, but the development of roll-on roll-off technology has boosted sea services, while new road building and the concentration of effort by freight forwarders has contributed to the growth of overland transport.

Nevertheless, the international transport system is barely coping with the combined demands being made by Arab countries anxious to use oil wealth to build up an industrial base and also hungry for the range of consumer goods available from Europe. Transport difficulties stem not just from overcrowded ports, at whose entrances ships may be waiting to unload for anything between 35 and 180 days, but also from complex documentation procedues, inadequate communications facilities and even, at times, from a clash of cultures.



General cargo berths at Jeddah, Saudi Arabia. A programme to double capacity is under way, with Sir William Halcrow and Partners as the consulting engineers.

Attempting to overcome these problems and to ensure the delivery of a cargo to the consignee *as speedily as possible*—and that may mean very slowly indeed—calls for ingenuity and a very high degree of professionalism. There is ultimately no substitute for expertise in transporting to the Middle East. Thus a cautious evaluation needs to be made of the many services now available. The combination of land and sea transport, which may be cheapest on paper, may be the least successful in practice. A basic requirement for moving goods from say, Rotherham to Riyadh, appears to be as integrated approach as is feasible, with responsibility for the various segments of the operation being confined to as few hands as possible. In so far as accurate calculations are possible, the shipper should try to assess the total length of time goods will take from point of departure to point of arrival. This will involve him in balancing the merits not only of one shipping service against another but also in investigating the arrangements for forwarding his goods from the dockside of ports along the Gulf and Red Sea.

This is vitally important considering the logjams of cargoes which have built up at a number of ports during the last year or so. Gulf Port Management Services, the joint company formed by Scruttons and the Mersey Docks and Harbour Company to assist in the management and development of Dammam on the Gulf coast of Saudi Arabia, found, when it started work last October, large tonnages of cargo which had been stitting on the quayside for several months. Many of the receivers claimed not to have been told of its arrival, an omission which in some cases was almost certainly due to the problems of communication to the area but also to a lack of thoroughness on the part of those shipping the cargo.

Lucrative

Gulf Port Management Services is just one of several British companies who have won lucrative contracts to help develop Middle East ports. Gray Mackenzie, a subsidiary of the Inchcape Group, is now involved in the operation of Jeddah, one of the most chronically congested of the major Middle East ports. Recognising that the only long-term solution to the problem is greatly expanded port facilities, various Arab countries have allocated substantial contracts to British consultants and construction companies.

Sir William Halcrow and Partners has been contracted to design and supervise the construction of seven new deep-water berths at Yenbo in Saudi Arabia, as well as in the development of Jubail in the eastern region. A joint Costain-Taylor Woodrow venture is to provide an additional 22 berths at Port Rashid in the United Arab Emirates. Sir Brian White and Partners are consultant engineers for new berth construction at Dammam.

Projected expansion of port facilities throughout the Middle East is quite staggering and *points to a confidence in the* future which heartens Western shipping interests. In Iran, Bandar Abbas is due to acquire about 16 new berths, half for general cargo and the rest for containers. Bandar Shahpur will have 28 new berths when current plans are completed. Jubail in Saudi Arabia is earmarked for 16 berths in an overall port development costing well over $1bn. and which also provides for an artificial island for oil tanker loading. Dammam in the east looks likely to undergo a huge expansion, with possibly 40 new berths in operation by the end of 1979.

Meanwhile, new container berth facilities come into operation at Sharjah in the United *Arab Emirate in August. These* are assured to become an important base for feeder services to other ports along the Gulf. This tremendous growth of port facilities has raised doubts in many minds about the permanence of the boom in roll-on roll-off shipping to the Middle East. There are now at least 30 different services from Europe to Middle East ports. It is argued that the roll-on roll-off vessel is a short-term solution to a short-term problem, namely lack of quayside space for cargo shipping. Once the vast number of new berths are completed, many of them with container handling facilities, it is said that the roll-on roll-off ship will be defeated by the superior economics of its rivals, in particular a specialised container ship. The reasoning is that since the vast majority of containers shipped by roll-on roll-off are on wheels, there is a loss of "cube" (cubic feet of cargo) which obviously affects the economics of the ship's operation. Needless to say, several roll-on roll-off operators who have quickly established themselves in the Middle East claim that they are there to stay. Their aim is to capture a permanent slice of the cargo trade, arguing that the flexibility of roll-on roll-off ships virtually guarantees them a permanent role.

Some, no doubt, will survive, but some of the less experienced operators who have broken into the roll-on roll-off scene in the past year or so are expected to have more difficulty. Their arrival is held to be partially responsible for a fall in freight rates to the Middle East over the past few months and there are doubts as to whether all will be able to sustain their efforts at present levels over a longer period.

Middle East economies have greatly stimulated the growth of other transport systems as well as roll-on roll-off. Freight forwarders have invested large amounts of money and effort into developing overland systems which in some cases use roll-on roll-off for one leg of the journey and in others are entirely by road.

Freight forwarders are in business to try to guarantee door-to-door delivery for goods and have made considerable progress in minimising the risks and problems which have become apparent in the past two years.

John Wyles

Risks

CONTINUED FROM PREVIOUS PAGE

Chief among them is the shortage of manpower and its rising cost, which has played havoc with some contractors' calculations. To implement the targets of their visionary plan the Saudis foresee the need to import no less than 500,000 expatriates by 1980. The onus is now placed wholly on foreign contractors carrying out projects in the Kingdom to bring in all their labour which they require from abroad and house it. Stringent visa regulations have been relaxed to allow permits to be issued in bulks.

The export to the Middle East of manpower of all grades—from highly qualified experts recruited by consultants to Baluchis and Philippinos imported by the hundred—has become a major business. According to one estimate, no less than 10,000 British professionals and skilled men have gone to the region to work on construction ove the past year. South Korea is prviding its workers under direct contract and by the end of this year there will be as many as 40,000 of them in the region. Demand for Egyptians has been such that it has led to shortages of some skills in their own country.

Nevertheless, as the momentum of development continues, the manpower shortage seems likely to become an even bigger constraint than it has been so far. Acute port congestion has been the biggest infrastructure bottleneck, aggravating the life of constructors, raising the cost of locally purchased building materials and leading to delays in implementation. At the end of last year it was a general phenomenon from the North African and the East Mediterranean to the Red Sea and the Gulf, with Saudi Arabia and Iran suffering most acutely. The latter is reckoned to have paid $1.2bn. in surcharge fees alone last year towards the end of which there were no less than 400 ships waiting at the southern ports to unload. As a result of emergency schemes—involving South Koreans in both countries—the congestion has eased. But no lasting relief can be expected until major port projects are completed at the turn of the decade.

In oil-rich Arab countries and Iran the prizes are great, but the risks are proportionate to them. Because the spending power of the region is so great, international competition is intense. It is made more so by the buyers' tendency to go for the cheapest bargain at the expense of quality. This preoccupation with price and concern about not being cheated, which is of paranoic proportions in some countries, cannot serve their long-term interests any more than the corruption endemic in the region.

Reluctant

Kuwait is now conscious that it has in the past sometimes obtained very much less than the best by usually going for the lowest bid and imposing rigidly harsh terms in its contracts—but is very reluctant to ease them or make allowance for inflation. Libya must be aware that it has scared away a great number of reputable international bidders by its draconian attitude. Generally, the enjoyable feeling of being courted has encouraged the oil producers to exact tougher conditions in contracts where they have all the rights and the contractor has all the responsibilities while suffering from administrative delays and incompetence.

This year, however, there have been some signs of greater flexibility. The Saudi Arabian Council of Ministers has decided to reduce the amount of a contract to be covered by a performance bond from 10 to 15 per cent. In some agreements Kuwait is reported to have done the same. In certain isolated contracts both have made allowance for cost escalation. It is too early to say yet whether a trend towards greater reasonableness and emphasis on quality has begun.

In the immediate, ather than the distant, future intransigence on contract terms can only increase the average level of bids from good companies and reduce the amount of competition. As it is, contractors must take into account many incalculable contingencies when going for contracts in the Middle East, where the danger of loss can be as great as the lure of profit. Sooner or later the oil producing countries may realise that, although they have the petrodollars, they are not necessarily the most attractive or profitable places to work in.

MANPOWER

An army moves in

: OIL revenue boom in the two years has caused mas- currents of migration to a rich Middle East oil pro-ng countries and the ents are likely to grow der and stronger as develop- : deepens. The process is just transforming the tries to which labour is ng; at least in those Middle ern countries where labour eaving, its departure is ng serious difficulties.

least half, and probably er three-quarters, of the ers involved in this migra- are construction workers. range from a relatively number of highly skilled engineers and other pro- nals, usually recruited Europe, with some from Indian subcontinent and Egypt, Syria and Jordan, hordes of semi-skilled and illed workers, flooding to oil producing states from ess fortunate Middle East the Asian subcontinent he Far East.

though this latter group ally dwarfs the former, the ers involved in the highly d part of the labour force amount to a small army. figures are difficult to by, but about 10,000 d British construction ers appear to have gone the Middle East in the ear alone. Britain repre- a good recruiting ground ich men for a variety of is, among which are the urn in the British con- ion industry in the past three years, British links the Middle East, and the role of British construc- ompanies in the region.

at least as important is re of the salaries on offer Middle East. An overseas of £10,000 a year, taxed, bly attractive to a man g £6,000 before tax for the dent job in the U.K. It be less attractive to a n or German engineer home earnings would be . Consultants are recruit- n behalf of non-British nies in Britain. Although two year contract career ects are low, with the ultimate aim being to transfer the knowhow to the local population, a man can enjoy extra responsibility, save money and pay off a large chunk of his mortgage when he gets back.

Nevertheless the consultants bear a heavy responsibility to provide the construction company with men who can tolerate the difficult conditions they are likely to be living and working in. In Saudi Arabia it costs a British construction company about £10,000 over and above his salary to employ a family man, with at least half of that amount going on housing and the rest on items such as children's education, leave passages and servants. In the Gulf states housing may be considerably more expensive, and one company reckons the cost of establishing a man and an office in the UAE at £72,000 a year. In Saudi Arabia, generally considered the country least easy to adjust to, the failure rate has been as high as 60 per cent. Nevertheless, although the first choice for construction engineers seeking jobs abroad might well not be in the Middle East there appears to be little difficulty in filling the jobs which are available in the region.

Problems

It is in the recruitment by the oil producing countries of workers at lower levels in the constructional industry that problems are more likely to arise, while the social impact of the influx of workers is more deeply felt. Saudi Arabia, with a population which may be as low as 4m., probably has the greatest need for outside manpower. The total labour force was estimated in mid-1975 at about 1.6m. At that time there were thought to be 314,000 non-Yemeni expatriates in the country, while the number of Yemenis was put variously at between half a million and a million. The Kingdom says it will need another half million more expatriates to make up the larger part of its requirement for 800,000-odd extra workers needed to fulfil its ambitious five-year Development Plan. Of these expatriates at least half can be expected to work in construction.

Western states are likely to provide many of the senior personnel. In middle management functions Egyptians, Palestinians, Syrians and Jordanians can be expected to come to the Kingdom in even greater numbers than they have so far. At the lower levels Saudi Arabia can continue to import labour from North and, to a lesser extent, South Yemen, from Sudan and from the Indian subcontinent. But, especially in the last category, Saudi Arabia is increasingly in competition with the Gulf states for the same kind of labour. In the United Arab Emirates the population of about 650,000 is thought to be more than half made up of Indians, Pakistanis, Baluchis and other immigrant workers, and there are also large numbers of them in Kuwait, Bahrain and Qatar, and some in Iran and Oman.

There is probably relatively little constraint on the supply of this labour, with the poverty of many villages in the subcontinent providing a powerful incentive for a young man to put up with the poor living conditions and harsh work in the Middle East in return for a pay packet which, though by no means generous, compares well with wages at home. Nevertheless there appear to be growing disincentives to recruit too much of such labour. The immigrant workers are less and less prepared to accept the conditions under which they are employed, which usually include having to leave wives and families behind and to pay the air fare themselves if they wish to return before the contract is up. There have recently been strikes among such workers on the Dubai dry dock project and on a medical centre project in Qatar, and many construction employers consider that the workers will soon rapidly push up the cost of employing them.

There are other difficulties too. The host states are realising that long service immigrant workers are entitled to, and are beginning to expect, the right to settle permanently in the country in which they are working, and which they are doing so much to develop, even the right to some say in how it is governed. States such as the UAE are already having to decide whether they want their character altered decisively by their appetite for manpower, and they may decide that they would prefer a deceleration of construction development or find other labour sources, rather than more massive imports of labourers, whose first task is very often to build their own low quality accommodation.

The growing influx of South Korean and, to a lesser extent, Filipino labour is in part a reaction to this trend. South Korean workers, employed mostly by South Korean contractors, are prepared not only to work extremely hard for low pay but also to put up with living conditions which would deter workers from almost anywhere else. Above all, from the host state's point of view, they are inclined to keep themselves to themselves and have no intention of putting down roots in the country they are operating in. By the end of this year it is thought that there will be about 37,000 South Koreans working in the Middle East, mostly in Saudi Arabia, Iran and Bahrain, compared with a mere 400 in 1974. The target for 1980 is 240,000. The labour factor is giving South Korean companies a competitive advantage in winning construction contracts, but the Korean Overseas Development Corporation (KODCO) which supplies many of the workers is increasingly being called on to supply operatives for western contractors too.

With a population of about 30m. Iran might appear to have a large pool of untrained labour from which it could draw men to turn into construction workers. In practice, however, Iran has agreed to import up to 90,000 South Koreans and 70,000 skilled Filipinos. The reason is that the workers from the Far East are considered far more productive than native Iranians and are considerably easier to organise. Iran also imports workers from neighbouring Pakistan and India but it appears likely that a growing proportion both of Iran's and Saudi Arabia's labour needs will be made up of South Koreans and others from the Far East.

At higher levels Iran suffers from a drain of its top personnel and is attempting, with only limited success, to lure them back to their native land. Iranians can find equally satisfying jobs in the West where they often prefer the way of life and political conditions. In the meantime the gap in Iran is made up by Westerners.

Concessions

Neighbouring Iraq has also pursued policies aimed at attracting back expatriate Iraqis by offering them a wide range of generous tax concessions and pay allowances. The policy was directed particularly at engineers, but it tended to be Senior academics and other less vitally needed professionals who were among the 600-odd who took up the Government's offer. As a result Iraq, which suffers serious labour shortages in almost every field, has had to attract the nationals of other countries, and it takes a pride in offering Arabs parity with Iraqi citizens. There are now thought to be about 30,000 Egyptians in Iraq, compared with about one sixth of that number five years ago. Many of these are involved in construction.

Libya concentrates heavily on Arabs for its immigrant workforce. About two-fifths of its workers are immigrants and of these about 85 per cent. are Arabs, the bulk of them from Egypt, with others from Syria, Tunisia and Sudan. The periodic political skirmishing between Libya and its neighbours results in expulsions of foreign workers, but there appears to be little desire by the Libyans to recruit non-Arab unskilled or semi-skilled workers. More senior workers, both in construction and in other activities, come from Yugoslavia, Romania, the U.S. and the U.K.

Although it is trying to use its oil revenues to transform itself into an industrial country, Algeria cannot yet absorb all its own reserves of unskilled labour and exports large numbers to Europe, where there are now about 800,000, the majority in France. In return it must import technicians and other skilled workers from France.

Those Arab countries which supply labour to their richer neighbours have to cope with a difficult equation. Egypt, the largest single supplier, is thought to have about 1m. of its people abroad, most of them in Arab countries. While at the lower level this eases pressure on the overcrowded Nile delta and at all levels brings in valuable remittances, put at £E125m. for 1975, it also creates severe problems. Those who leave tend to be those with more initiative and better qualifications and their departure leaves serious gaps among engineers (as well as doctors and teachers). This imposes a major constraint on Egypt's own development programme, otherwise plentifully supplied with cheap unskilled labour, and Mr. Osman Ahmed Osman, the Minister of Reconstruction, has instituted a crash programme of training centres to turn out skilled tradesmen. No less than 77 are planned by the end of 1977.

In Jordan and Syria comparable problems arise: 22,000 Jordanians left their country in 1974 to work elsewhere and the flow in the other direction was very small. The exodus has raised the cost of construction and thus conferred the high cost of development in the oil-producing states on to those without substantial oil revenues. But Syria, Jordan, Egypt and North Yemen, as recipients of Saudi financial assistance, are hardly in a position to grumble about the effect the lure of oil wealth has on their labour force.

The pressure to develop quickly obliges most governments to adopt a laisser faire attitude to the employment of expatriate workers. The responsibility for providing the labour force is normally left to the contractors, although in some cases there are inter-governmental agreements for the supply of labourers. The contractor is also expected to provide accommodation for his men, and his responsibility extends to such things as mass feeding, often in fairly remote areas. The Government will normally facilitate the granting of work permits and visas and Saudi Arabia has recently decided to grant block visas and permits to lists of men submitted by contractors, instead of each man being the subject of a separate application referred for action to Riyadh. But Governments are anxious to keep control of the general direction of manpower policy, even if the pace of development can make this difficult.

James Buxton

Breakwater construction in progress on the Dubai dry dock project, which will be the world's largest when it is completed in 1978. The dock is being constructed by a U.K. joint venture of Costain Civil Engineering and Taylor Woodrow International.

MIDDLE EAST CONSTRUCTION IV

GOVERNMENT INVOLVEMENT

Growing support

THIS MONTH the consortium made up of GEC, Rio Tinto Zinc and the National Enterprises Board has been awaiting the award for the power generation and desalination complex which is to be constructed at Jebel Ali. It will not be remarkable if, as is widely anticipated, it fails to win the contract. However, the bid was a precedent. For the first time the NEB, the State industrial holding company, had joined forces with private British industry in trying to clinch a major contract abroad. It is also participating in another U.K. consortium that is preparing a bid for a Venezuelan railway project.

This Latin American oil producer and other potentially-rich, credit-worthy countries like Brazil are major preoccupations of the British Overseas Trade Board and its offshoot, the Overseas Project Group, which was established to co-ordinate assistance available to U.K. companies pursuing major contracts overseas. It was, however, the growth of a Middle East market following the oil price escalation of 1973-74 and the need to defray the increased cost of the region's oil above all else that stimulated the more activist role of government in seeking to secure contract awards. Participation of the NEB is one aspect of this process. So, too, are the attempts to assist with the formation of the consortium needed to undertake the giant multi-discipline packages—many of them forbiddingly large—wanted by the oil states of the region. Nationalised industries and departments of state are now being called upon to play a spear-head role which hopefully may help British contractors, process engineers and suppliers of capital goods to win contracts.

Bilateral

The past two years have also seen Britain, like the other industrialised countries, conclude bilateral agreement on economic and technical collaboration with such countries as Iran and Saudi Arabia. For their part, the producing states have been positively anxious for a government-to-government framework for identifying areas of co-operation and potential suppliers of the expertise which they require. On their visits to the oil producing countries, British Ministers, including Mr. James Callaghan when he was Foreign Secretary, have taken up what they acknowledge to be the role of a "national salesman." Parallel with this there has been the expansion of the services offered by the Export Credits Guarantee Department to cover the very substantial risks involved in implementing contracts in the Middle East because of their size and the harsh conditions attached to their fulfillment.

Involvement of the NEB may ease the major, inhibiting problem posed by the oil producers' demand for performance and advance payments bonds that can theoretically be called in at will or after recourse to dubious local arbitration procedures. Compared at least with their Continental and Japanese rivals, British companies and especially contractors face greater difficulties in obtaining from their banks the necessary guarantees which invariably are treated as part of their total line of credit on a pound-for-pound basis. Eroded by inflation over the past few years, their asset base is relatively small and their links with the British banking system is more formal and detached than those of their rivals.

In West Germany and Japan ownership of industry and banking tend to interlock. The question of backing bonds does not seem to cause the same headaches or heart-searching in Italy, where the larger entities in both sectors are under ultimate public ownership, or France where the predominantly state-owned banks seem to respond more promptly to official directives or are able to calculate risks themselves. NEB participation is seen as one way of broadening the capital base of consortia whose members would expose themselves to big continngent babilities.

NEB's criteria are that the size of the project should be substantial, that there should be a promise of a good return from it, that it should take a risk proportionate to its share (no more than 50 per cent.) in the holding company formed, and that there should be an independent project manager—a role fulfilled by RTZ in the Dubai tender. In terms of collaboration at least the venture appears to have been a success and NEB's participation in other joint ventures is planned.

The Overseas Project Group is continuing to develop the use of its special, though limited, fund from which it will contribute up to 50 per cent. of the precontractual expenses of companies or groups bidding for major contracts—which are defined as those likely to generate more than £10m. worth of orders for U.K. goods and services and £1m. in fees for consultancy jobs. An upper limit if ½ per cent. of the gross contract being sought or £50,000 when it does not exceed £50m., £75,000 for one of £50m.-£100m., and £100,00 when the value of the contract exceeds £100m. If a bid is successful the money repaid by the recipients who as a matter of policy, are not identified. This year total resources put at the disposal of he Overseas Policy Group were £880,000, a facility regarded with some suspicion by those in Brussels overseeing the EEC rules of competition, but defensible because of the repayment condition.

The secrecy about the beneficiaries make it difficult to attempt an appraisal of the success of this aid. That is true of all the work of the Overseas Projects Group behind the scenes. On the other hand, its purpose is to identify, with the assistance of U.K. diplomatic posts abroad and the BOTB's export intelligence service, projects of potential sales value to the U.K. of £5m. or more in countries which would not require easy credit assistance. At present there are 170-180 being examined of which about half are in the Middle East, according to officials in the Department of Trade.

On the other hand, its complementary basic function is to seek out and assist contractors, manufacturers, consultants and bankers capable of an interested in undertaking the projects. Here, policy is to do everything to ensure that there is a single British entry or a "chosen instrument" as the phrase in Whitehall has it, rather than a double or multiple one which, it is reckoned, would dilute the British challenge and make impossible fullest diplomatic backing for it.

Two years ago it succeeded in rendering down two British groups which were competing for a hospital contract in Iran into one under the leadership of Cementation. However, "selection" has taken place for less than 10 per cent. of the projects for which the Overseas Projects Group has helped nurse bids. Ministerially, it is the Department of the Environment which is directly responsible for the construction industry as far as the formation of packages is concerned. The Construction Exports Advisory Board, which came into being at the beginning of this year, is now charged with recommending the most suitable "instrument" for any given project.

The problem of "Jumbo contract" contracts is one exercising the minds of both industry and administration, including the working party studying it at present, which has contributed to the new ECGD scheme for covering "projects participants insolvency." The consequences of failure of a sub-contractor could be disastrous. Moreover, the size of some contracts restricts the number of companies able to undertake the work and raises the possibility that no alternative might be found in such an emergency.

Advice

In the mobilisation of the civil service to help win export contracts the Department of the Environment is giving its advice to the Saudis on new towns and urban development. The Department of Health and Social Services is to be the bureaucratic catalyst for hospital and medical packages. Drawing together the expertise for educational developments is the responsibility of the British Council, with its knowledge of local conditions, although it is Millbank Technical Services (Education), a recently created offshoot of the Crown Agents, which is chasing the King Feisal University project. In liaison with the Ministry of Defence, Millbank Technical Services is involved as project manager with Wimpey-Laing in building the ordnance factory for Iran af Isfahan.

Iran and Saudi Arabia favour the concept of government-to-government accords that make their partner responsible for performance of contractors. In turn, the latter receive protection under them. More generally, part of the attraction to the oil producing states of economic collaboration agreements lies in the hope that, if necessary, the governments of the industrialised countries will put their weight in some way or other on national companies undertaking projects. They also have provided the frame-work for obtaining sensitive nuclear technology.

The deal under which Britain agreed to give training in this field could be seen to have been reached in the context of Anglo-Iranian Joint Economic Commission formed back in 1972. Initially, it helped along a number of industrial joint ventures already under discussion and introduced some new partners to each other. It set in motion the negotiations with the British Steel Corporation which resulted this year in the £50m. contract for the provision and project management of the gas reduction steel works planned for Isfahan.

The commission also sired the study by British Rail's Transmark of the electrification of the Tabriz-Julfa line which, hopefully, may lead to supply and construction contracts. It did not, however, avert the Iranian furore over the hospital bid that had official British backing. On that issue Mr. Callaghan soothed some ruffled feathers when he visited Tehran in May. His visit to Riyadh last November certainly increased good will. But the Saudis did not take up his proposals for British assistance with an emergency port to help relieve congestion or immediately share his conviction that the U.K. alone could provide the King Feisal University.

In the spring the Anglo-Saudi Joint Commission had its first session. On the industrial side it was noted that no less than 200 U.K. companies had been identified as being interested in co-operating with Saudi concerns—60 of them in joint ventures. Good progress appeared to have been made in talks on new towns and urban development. A draft agreement finalised with Iraq a year ago still awaits the signature of a minister from the Arab country.

For its part the ECGD has been evolving a system of cover against the losses arising from a partner's insolvency — which could be far greater than the value of a subcontract — and offered it for the consortium bidding for the Dubai power station. Since the beginning of 1975 it has been providing insurance against cost escalation at home, and last year actual bonds for performance, at a rate of 1.25 per cent. annually, for contracts with a minimum value of £2m. on cash payment terms.

So far it has agreed to eight with a total value of £155m. with the biggest worth £31m. for work in Saudi Arabia, Abu Dhabi, Oman, Qatar and Iraq. The biggest demand has been for Saudi projects. The department has also broken new ground in giving guarantees for bridging finance to companies with a cash flow problem, including those caused by payment delays. The provision of supplier credit, meanwhile, continues for contracts in Algeria, Dubai and Ian.

Central to the problem of risk insurance is the fact that British companies' capital base has not expanded in proportion to inflation. Even if it were not for this weakness and the State's own greatly increased stake in industry since the collapse of Rolls-Royce, the stepped-up Government action in support of U.K. contractors would have been needed to meet the challenge and the competition.

Richard Johns

THE ARCHITECT

Fierce competition

COMPETITION FOR architects' commissions in the Middle East is intense. For not only are architects throughout the world in search of business to offset what for most have been very hard times at home, but many of the projects now coming forward have fired their imaginations and represent the type of challenge which practices find difficult to resist.

Among the main contenders for business in the region are firms from Australasia, North America, France and the U.K. In a heartening development within the last few days, it was announced that British architects had made an almost clean sweep of a competition for the design of a £90m. hotel in Abu Dhabi, helping to reinforce the U.K.'s already high reputation for design work in the region.

But practices intent on winning work in the area have quickly found out that to succeed they must adjust some long-established business practices and adapt their operational methods to the conditions of this relatively new and exciting market. Few architects will have to change their attitudes as radically as the British, who are winning some substantial work but who are fast realising that they could badly lose out to some very tough competition.

It is already becoming increasingly essential for a practice seeking Middle East work to tie itself up with a local operation which can provide essential know-how on contract law and likely job opportunities, as well as providing the all-important contacts. Many of the largest practices already have some form of working relationship with local design teams and in this respect the British have not been dragging their feet.

But there are real fears that U.K. architects may be severely inhibited in their search for business by a Code of Practice which imposes restraints that competitors do not, in many cases, have to consider.

A recent meeting of the Royal Institute of British Architects Council has proposed that the Code should be changed to allow U.K. practices to form limited liability companies in this country—previously banned—provided they are concerned solely with work abroad. This, the architects believe, will leave them better geared up to rank on a par with some of the large international contracting organisations in the search for business instead of having to play the traditional back seat role and react only when called upon.

Mandatory

In addition, there is a suggestion that the system of fees adhered to by U.K. practices, set down in a mandatory scale, should be altered, as in many Midle East countries open competition on fees is the accepted practice.

Architects also find it rather annoying to discover in some Middle East countries open comclient has no compunction about approaching several practices to do preliminary work on planned developments, something which rarely happens in the U.K. Time consuming and expensive site visits, feasibility studies and costing exercises can be carried out by several practices from different countries before each participant realises that he is simply one of several vying for the job. In the Middle East, the system is regarded as natural, while in the U.K. it continues to raise eyebrows.

The architectural practice which has a wide range of skills to call upon will also find life a great deal easier in the Middle East. Clients are attracted by firms with a multi-disciplinary approach of the type which first became popular in the U.K. a few years ago and which enables the architect to offer a wide range of specialist services rather than straightforward design skills.

It was partially as a result of continuing pressure from the architectural profession that the British Government last year decided to establish a construction exports advisory board, which is intended to identify business opportunities overseas for the construction industries and professions and help assembly operations to pursue particular projects.

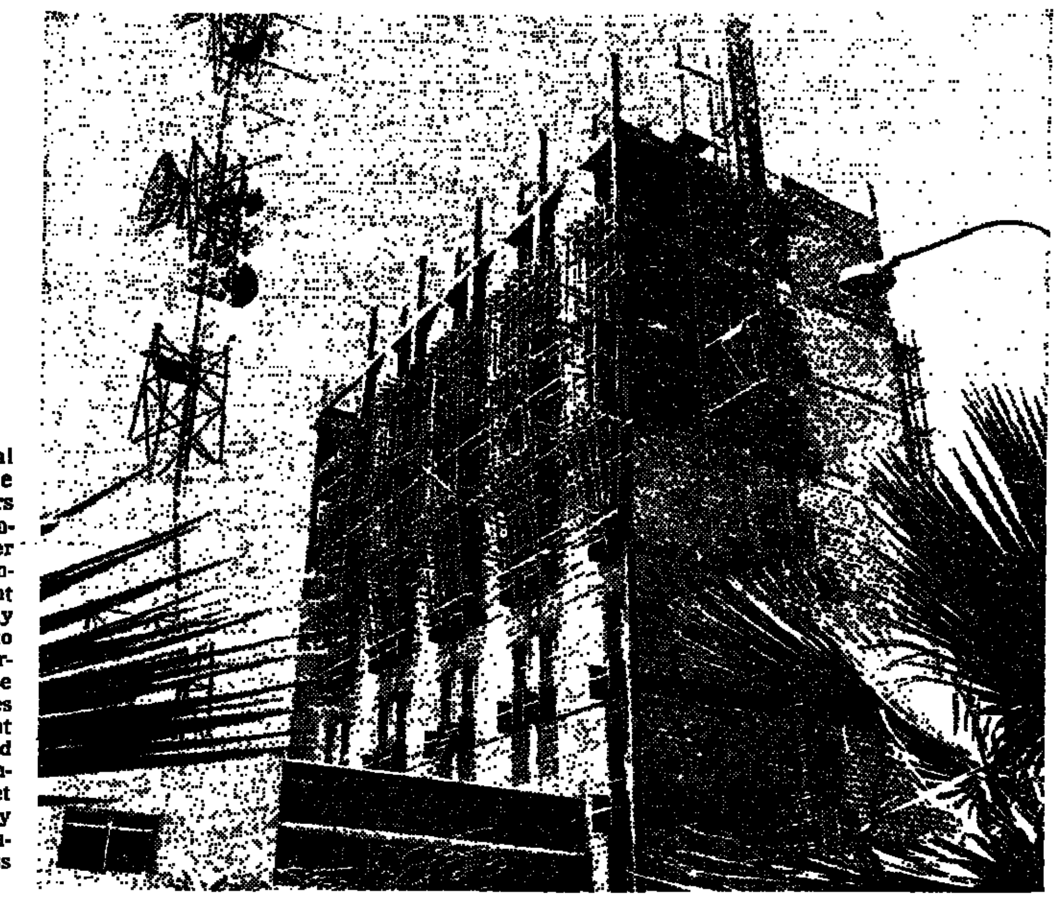
The package of services, skills and hardware which many of the developing nations require can only be adequately assembled and promoted at Government level and, until now, this has not been done in the UK. Government support for the export of all forms of professional services has been poor and the record of assistance patchy.

This situation was repeatedly brought to the Government's attention by the RIBA, which pointed out that Government assistance in other countries was more formalised and effective and threatened to make the job of securing overseas work far more difficult for British companies. The advisory board is still in its early days but it is hoped that its formation signals the beginning of a period in which the winning of export business takes on a new emphasis.

Michael Cassell

CONTRACTS

Buyers want bargains



A new Cable and Wireless building costing more than £680,000 is being built in Dubai. It will house an international telephone switching centre and main telephone exchange.

)EVELOPING countries of ddle East are not alone in down difficult and harsh ct terms, or in the in- :ity with which many of nterpret their letter. Else- in the world client states ıt to impose conditions as ;s or more so. Not surpris- he international construc- dustry's preoccupation on ;ore is with the oil-rich of the region and has been greater. It is there, :t is essentially a buyers' , that the spending power oreover, the sheer size of ojects being undertaken sed the stakes very high ıs of profit and loss—or -for companies working under fixed price con- which include in them ning liabilities.

ıything greater affluence ensified Arab and Iranian ı about obtaining the best ; bargain. As one lawyer sing in the subject puts e problem in Middle East ction contracts arises ıe buyers seeking large ·s at an early date with m cost and contractors to provide such facilities desired time with mini- sk and maximum profit. sion is expressed in con- sually written for, or by, :chaser which stack the his favour."

Middle East States have ıoving in the direction opting internationally ble forms of contract and ally the formula recom- by the Fédération Inter- l des Ingenieurs-Conseils invariably amending ı their own advantage. ılting engineer sums it ıe contractor has all the and the clients all the ıbilities. The traditional his profession as an in- ent, mutually trusted is very much circum- in some countries (like stance, in Libya and lthough it is well respected in others (the United Arab Emirates and Oman).

Central to the general problem, of course, are the various guarantees demanded from the contractor and the contingent liabilities to which they expose him. Attention has been drawn to this aspect of contract terms because of the scale of contracts (in Saudi Arabia and Iran especially), the proportionate risks involved, and the difficulties experienced—most notably by British and U.S. companies —in obtaining the necessary guarantees needed to back the bonds.

Surety

Performance and other bonds are neither unique to the Middle East nor new in themselves. In the U.S. and other places where American consultants are employed a surety is normally required to cover no less than 100 per cent. of the contract value compared with the 10 per cent. which is the normal practice in the region. The World Bank sets the proportion at 25 per cent. for projects which it is financing. The crucial question is about the conditions attached to enforcing of payment. What sends shivers down the spines of bankers and insurance men is the condition that bonds can be demanded arbitrarily "in any circumstances and without cause given," to quote the Saudis' terminology.

Saudis point out that the clause is a very hypothetical one. People acquainted with the problem know that in recent memory there has been only one occasion on which the power has been exercised, on a minor contract and for justified reasons. No one can even remember when it was and who was punished. Yet in the Kingdom and elsewhere the political risk is a real one as Colonel Kedaffi's calling in of bonds after the Libyan Revolution dramatically showed. Even for genuinely commercial disputes the onus in the Arab countries and Iran is usually put on the contractor to clear himself of default in a forum of the client's choosing rather than his. Agreements which allow for independent arbitration are very much the exception.

Contingent liabilities could be enormous. Take for a hypothetical example a \$2.5bn. gas pipeline project in Iran. The chances of bonds being called in arbitrarily there would be at least as great as in Saudi Arabia as the public rage directed earlier this year against the three groups which were negotiating for hospital contracts, including the U.K. one led by Cementation, indicated. The bid bond of 5 per cent. demanded by Iran would tie up \$125m. in credit facilities for an indefinite period: It would be liable to forfeiture if the tender was withdrawn before a final decision. The performance bond of 10 per cent. would be worth \$250m. and the guarantees for a 25 per cent. advanced payment \$625m., giving a total initial liability \$875m. which, with 1 per cent. bank charge on the value of bonds issue, would cost \$8.75m.

Iran is a good example of how greater affluence has toughened demands. Formerly, it was possible to negotiate with the National Iranian Oil Company provisions under which it would inform the contractor of faults believed to exist and give it a reasonable period to put things right. Recently, it is undestood to have insisted on guarantees being irrevocable, unconditional and forfeitable on demand. Contracts have given it "absolute discretion" to terminate the contract with or without cause at any time. NIOC has altered the FIDIC-recommended arbitration clause so that any dispute is referred to a "settlement committee established by the employer." In its contracts the consultant is regarded not as an engineer but as an employee of NIOC. At the same time, payments have been loaded on to the distant end of work periods.

Saudi Arabia has its own Grievances Council about which observers have mixed feelings. One consultant comments, "Anyone who takes a dispute there wants his head examined." Others point out that it has shown impartiality coming out in favour of foreign contractors. Based like all Saudi justice on religious law and essentially ethical concepts ultimate decisions are made on what is considered "fair" and only a limited amount is inferred from the small print. The more traditional Arab mind—this would apply to the UAE and Qatar, too—does not necessarily appreciate the fine points of a contract. In marginal cases they would be less important than trust and understanding.

Mixture

Saudi tender regulations are a mixture of FIDIC, the U.S. Corps of Engineers and variations of the individual ministries which have jurisdiction and discretion over them. Conscious of its image, the Kingdom is attempting to standardise form of contract. Projects administered by the Corps, mostly in the defence field and currently worth nearly \$20bn., are administered according to its own system including its procedures for resolving disputes. But with variations to suit Saudi practice. A foreign contractor can hardly complain about working under its supervision.

There have been some important signs of flexibility recently. Some contractors have been asked for performance bonds at the reduced rate of 5 per cent (rather than 10 per cent.) and under a recent decision of the Council of Ministers this will become the rule with the bid bond requirement being reduced from 2 to 1 per cent. Presumably after official authorisation, this spring the U.S. Corps of Engineers accepted in leiu of a performance bond a surety for 50 per cent. of a \$120m. housing contract. Use of such an instrument on a wider-scale would greatly assist American companies to obtain the necessary underwriting from their banks whose ability to issue other guarantees have been restricted by tight federal credit controls. Backed by the Administration U.S. companies have been trying to get Iranian approval for surety bonds—though apparently without having achieved any success yet.

Like Saudi Arabia, Kuwait is reported to have reduced performance guarantees from 10 to 5 per cent. and even lower in some contracts. Furthermore, in calculating the amount required it has also agreed for some projects to deduct the cost of local spending in labour, materials and subcontractors and reduce it still further by taking title to imported machinery and equipment. For the larger contracts involving foreign contractors and consultants, Kuwait is also usually prepared to make provision for international arbitration.

Yet some of the contract terms exacted by Kuwait involve fairly breath-taking variations of the basic FIDIC format which is used for civil works but not usually mechanical or electrical. To cite only three examples, the Government has not only made the contractor responsible for the safety of construction over a 10-year period but also for the work of consultants. They have been made to agree to perform any alteration or modification, after completion of the project, without the right of opposition unless the extra obligation exceeds 15 per cent. of the contract price. Normally no allowance is made for default by the employer himself.

Conditions imposed by Libya, Algeria and Iraq are as hairy, although the last named of these pays certain respect to the traditional role of the consultant (seemingly a residue of British influence). They are not much better elsewhere. Dubai is exceptional in negotiating most of its contracts. There, the Ruler has built up a close personal nexus with a handful of British consultants and contractors, one of which Richard Costain—actually started work on his tanker dry-dock before an agreement had been signed or finance arranged.

Even so, Dubai like the others is firmly wedded to fixed price contracts—or in some countries like Iraq lump sum ones—without any allowance for cost escalation. Together with the guarantees demanded, the extreme reluctance to make any concessions for rising prices has been a major difficulty facing reputable international contractors bidding for projects over the past few years of rampant, unpredictable inflation both world-wide and in the oil producing states themselves. Fixed contracts have been the tradition in the region. An important factor behind the insistence on them has been the lack of local staff available to do the arithmetic needed for administering cost-plus-fee contracts.

In this respect the U.S. Corps of Engineers has lifted a very great burden of the Saudi Government which has been also more than happy to hand over to the Arabian American Oil Company project management of the \$8bn. gas gathering scheme. Indeed, Middle East states have been prepared to enter into cost-plus-fee contracts for big developments carried out on a "design and build basis" that are wanted in a hurry. Iran is using them for military infrastructure projects like the ordnance factory at Isfahan and the naval base at Chah Bahar.

The strong bias in contract terms in the Middle East and elsewhere is a justifiable cause of concern to FIDIC, the Federation Internationale Européene la Construction and other professional bodies, world-wide and national. One taking up their cause, discreetly but actively, is the International Bar Association's committee on construction contracts. It is building up a corpus of information on the subject and trying to win support from the various national legal bodies which are members of the association. On the important issue of arbitration, the committee recognises the developing countries' objections to the FIDIC-approved International Chamber of Commerce, which they see as "imperialist-capitalist dominated," and is seeking to find an acceptable alternative.

The committee, naturally, approve of the gradual move towards the FIDIC formula, which it believes could be improved, but deplores the manner in which governments amend it solely to their convenience. One result of the bias already apparent is the lack of competition and also the protectively high level of bids. In the long run the Middle East buyers, even if they have the whip-hand, cannot benefit from the dwindling power of consulting engineers to protect the balance of interest between them and the contractor. Some states like Kuwait have been forced to appreciate that they have in the past sacrificed quality in some projects by going for the cheapest bargains. Others like Libya have completely inhibited reputable international companies from bidding at all.

Richard Johns

BUILDING MATERIALS

Shortages abound

THE LACK of locally produced or available materials undoubtedly imposes a constraint upon the total construction output in the Middle East and poses many problems in the execution of individual projects. *The problems do, however,* vary between countries. Iran, for example, suffers far less as it has a high level of locally produced materials, whereas in the Emirates almost everything is imported.

Materials break down into three broad categories: locally produced materials; imported materials which are already in the country and in stock in the bazaars of most towns; and materials that are imported either direct or through an agency by the contractor for a particular project. The latter are either general or of a specialist nature for projects which are often at the prestige end of the market. As a rough guide, on general construction work a contractor probably has to import about 30 per cent. of materials. The other 70 per cent. can be bought locally.

The basic materials which greatly affect the pace of construction are cement, structural steel, rod reinforcement and timber. Cement is the most crucial of these, for although it is produced to an equivalent of Ordinary Portland in a number of countries (Iran, Saudi Arabia, Kuwait, Algeria, Libya, Egypt, Jordan, Syria, Lebanon, Qatar, Iraq), demand far outstrips supply and it has to be imported from all over the world. In many countries, its distribution and pricing are officially controlled by governments, but these control systems are not watertight and black market supplies proliferate, at inevitably high prices. Cement is most economically transported by sea, which means that large and much needed stocks are held up in the queues of ships waiting outside Gulf and Red Sea ports.

The supply of cement affects not only the concrete and other site wet trades, but also the enormous cottage industries making concrete blocks, floor tiles, etc.

Steel is probably the second most important commodity, but on the whole presents fewer problems. Iran is rich in iron ore in Kerman Province, from where it is taken to the steel mills of Isfahan and Ahwaz for processing. Some special sections have to be imported. Saudi Arabia is capable of rolling about 80,000 tons of reinforcement per year but actual production is far less. Local stocks of reinforcement are reasonably good, but all structural steel has to be imported for use in factories and warehouses. The Lebanon has a small rolling capacity and steel mills are planned in Kuwait, Qatar, Iraq and Dubai.

Timber is another important ingredient for temporary and permanent work. Some timber is grown in Lebanon, from where a small amount of cedar is exported. Iran is the only other country with significant stocks of home grown timber, with poplar and maple growing on the Caspian littoral. Nonetheless they have to import, mainly from Russia, in order to meet demand. Elsewhere timber is extremely scarce and is imported from Eastern Europe, Scandinavia and the Far East. Large quantities of plywood are also imported. The better qualities come from Scandinavia and Canada who are, however, facing increasing competition from the Far East, which supplies nearly all the cheaper qualities. The scarcity means that the permanent use of timber is limited, but large quantities of rough sawn timber and plywoods are used in temporary formwork and scaffolding.

Resources

Beyond the ingredients of concrete, steel and timber, the methods and materials of construction used in different countries generally reflect their indigenous resources and culture. For example, brickwork is the traditional material in Iran and Iraq, which have extensive brick-clay deposits. There are several major international brick companies, including the London Brick Company, in joint ventures in Iran to increase local production. Bricks are used extensively, including the interesting and unusual method of brick-arching as a structural floor material. There is a factory in Kuwait producing sand-lime bricks. Bricks are used elsewhere to a much smaller degree, since they nearly always have to be imported at great expense. On prestige projects, however, expense is very rarely a limitation. However, generally throughout the Midle East concrete or other cement-based products predominate.

There is strong competition between timber and metal for components such as door and window frames. In Iran, for example, they are almost entirely made of steel. Vast quantities of standard profiles are extruded locally and then made up on site. This practice proves amazingly efficient and inexpensive. Aluminium is a competitor for the more prestigious flats and office developments. Aluminium sections are locally produced at Arak, which caters for most of the demand. Some special aluminium products are imported but they face high duties.

In Saudi Arabia, Kuwait, Jordan and Syria, however windows were traditionally timber, but recently there has been a development of local fabrication of aluminium and steel. Aluminium and steel are used extensively in Iraq, Lebanon, Qatar and the UAE.

Most countries are investing heavily in the production of construction materials to guard against the day when they can perhaps no longer rely on oil revenue. Dubai, for example, has commenced a massive industrial complex at *Jebel Ali*: there will be an aluminium smelter, a cement factory, a steel plant, etc. British contractors are well placed for a large portion of the work.

Complex

Other materials that are in production or are being encouraged include plaster, ceramics, sanitary ware, asbestos products, plastic products, such as pipes and laminates, glass and cast iron. The use of local stone is also encouraged, and big investment is expected by the Italian marble companies. Iran is particularly rich in natural stones and marbles.

Local manufacture of materials, especially for those using local resources, is encouraged under the development plans of most countries with financial and other incentives. However, this occasionally produces problems in that the importation of competitive products is usually subject to very high import duties. Since production rarely meets demand, contractor's are obliged to pay the higher prices. Most estimators are aware of this and price their tenders accordingly. Observers cannot understand why Governments spend enormous sums on much needed manpower to collect a duty on one hand and then pay it back with the other when the contractor receives his "monthly" payment. Some Government contracts allow for the contractor to recover these duties, but the shrewd contractor with long experience knows that this can take years of administrative bargaining to achieve, and his prices allow for their non-recovery.

The whole subject of customs tariffs is a labyrinth of pitfalls for an estimator or buyer. They vary by country, commodity, description and use. Qatar and the UAE are the most lenient, with goods either exempt or subject to duty of about 2½ per cent., as opposed to Iran and Iraq where duties can be in excess of 100 per cent.

The development and introduction of standards is in its infancy. Specification generally follows British, German and American practice, and it is these codes that are *likely* to be the basis of local regulations in the future. The Institute of Standards and Industrial Research of Iran (ISIRI), the most advanced of its kind in the Middle East, is presently being advised by the British Standards Institute. They have also been appointed to advise the Saudi Arabian Standards Institute. Iran also has a Building and Housing Research Centre, which collaborates closely with the Building Research Centre at Watford.

Standards are often dictated by the nationality of the specifying consultant, with British Standards predominating in Jordan, Kuwait, Bahrain, Qatar, the UAE and Saudi Arabia. Syria is a mixture of British and German and Iraq of British and American standards. In Saudi Arabia, the U.S. Corps of Engineers and Aramco use American standards.

Notwithstanding the desires of Middle East governments to make maximum use of their own resources and to increase their self sufficiency in building materials, their dependence on imported materials is still extremely high. Lebanon has traditionally been both as a supplier and staging post for ... needed by its neighbours ... materials (e.g. steel ... ment, aluminium secti... doors, door furniture ... mongery, sanitary ... drainage goods) are ... processed in Lebanon ... re-sold through the b... tribution chain tha... throughout the Middle ...

Two factors arise ... current civil war. Th... the effect upon the sup... situation in the bazaa... not clear yet how p... is affected within the ... Second, presuming ... peace returns and ... bours are prepared ... operate in putting Be... on the map as the ... business centre in th... East, there will be an ... rebuilding programm... estimate of the dama... would require resou... beyond those of Leban... the war. A rebuild... gramme would cons... local supplies and itsel... imported stocks.

Pressure

The situation in the ... coupled with the high ... rate in construction th... the Middle East, is ... enormous pressure ... supply position. One ... solutions that is being ... be increasingly exploit... prefabrication and ... techniques.

For the exporter, th... East offers a large and ... market. In overall te... now much less than in ... alone, but by 1980 i... have reached it. Most ... is done through agenc... the past two years, ... British suppliers hav... to spoil their previou... reputation through f... keep delivery promise... handed attitude to ... creases and genera... technical and sales s... local agents and ... There is also ... potential in the long ... entering into joint ... manufacturing contra...

Henry C. ...

Building M... and Marketing C...

THE CONSULTANT

A growing presen...

FOR MANY of the international building and civil engineering organisations attempting to win work in the Middle East, the central problem lies in securing sufficient financial and manpower resources to cope with large-scale projects of the type now coming foward, not necessarily measured in tens of hundreds of millions of pounds but in the low millions. Very few contracting organisations possess the diverse technical expertise that may be demanded by such contracts and it is here that the consultant can come into his own.

Large projects may call upon the combined technical and productive resources of numerous specialists, and while the contractors themselves may have to join forces simply to provide sufficient capacity to tackle the contract, they will almost inevitably look to the consultant to help advise them on a wide range of subjects in which they have only restricted knowledge and on a market which may be strange to them.

While much of the attention is rightly centred on the international contractors who are now picking up large lumps of work throughout the Middle East, the role which the con*sultant plays in many of these* projects is just as vital and can be as financially rewarding, if not more so.

Few countries have a better reputation for integrity and expertise in the consulting world than the U.K., and the success of British contractors abroad has at the same time helped to generate a significant expansion in business for British consultants.

As a result, overseas commissions have been increasing rapidly over the last 10-15 years, from £650m. in 1961 to well over £4bn. in 1975. British consultants are clearly not alone in achieving such a successful pattern of overseas growth, with several European countries reaping similar benefits in the wake of contractors' successes.

The British Consultants Bureau, which represents the overseas interests of all types of consultants — engineers, architects, management, economists and surveyors—says that net overseas earnings by the U.K. consulting sector should now be running at around £200m. a year a figure which compares most favourably with earnings from other invisibles, such as merchanting, airlines, banking and brokerage.

Biggest

By far the biggest contribution to consultants' overseas earnings in the U.K. and most other competing nations comes from the consulting engineers, who can provide the contractor with a wealth of information and expertise which can make the life of a contract less fraught with problems and possibly more profitable.

In the U.K., the value of foreign work in hands of members of the Association of Consulting Engineers is now over £6bn. In the last six years, growth in overseas activity — after allowing for inflation— has been estimated at over 125 per cent.

There is no doubt that to operate in overseas markets presents the consulting ... with a depth of challe... he could never expect ... in his home market, ... providing him with ... counterbalance to of... turns in domestic de...

But, as for the co... win work is not easy, ... trust between the en... *client* is essential for ... ful teamwork. Neit... always easy for the ... to supply the necess... men, and while th... domestic construction ... has released many pr... for work overseas, t... be a limit to the pr... skilled advisers tha... abroad before the s... home is undermined.

For the moment, there is no doubt, ... the U.K., that growin... of consulting engi... seeking work overse... ticularly in the Middl... range of advice whic... sultant will be calle... provide is growing ... him well beyond the ... of technical advice or ... construction projects ...

As a new guide for ... engineers just publis... out, there is a stead... ing trend for them to ... ted with all-impo... investment studies. I...

CONTINUED ON NEXT PAGE

RISK FACTORS

Contractors are wary

E RELUCTANCE of some . exporters to pursue major ject business can be traced a growing awareness of, and villingness or inability to ept, the massive inherent tingent liabilities. This cle examines the problems the associated risks, and the tection presently available inst them.

ids and the risks of "on de- id" bonds

n exporter cannot submit effective tender unless he provide all the performance, ance payment and other ds required under the con- t. Such bonds, which are in- led as third party guarantees the fulfilment of the ex- er's contractural obliga- s, are in the Middle East ided almost entirely by s, which as guarantors have common law right, normally forced by a written counter- mnity, to recover from the rter any monies paid under bond. Accordingly, bond unts are ranked *pari passu* other overdraft facilities, the ability to provide bonds efore depends on the ex- er's financial status and base.

e risk of a loss is increased e Middle East by the word- f the guarantees, which are st invariably encashable demand" at any time and for their full amount pective of the extent of the r's loss. Such bonds can fore be called whether or the exporter has fulfilled contractual obligations, al- h the only major example nds being called for poli- reasons remains that of el Khedaffi in Libya in

en the commercial sources xhausted, the Export Cre- Guarantee Department D) can assist exporters to de bonds for cash contracts m. and above by giving its guarantee to the bank h is thus enabled to issue ond) and taking over the of recourse to the ex- r. The scheme includes *ction* against the risk of "on demand" bond being for political or spurious ns, as the ECGD may waive rse if the exporter can either that he was not in lt under the contract or, if s, that the reason was an able ECGD cause of loss.

The ECGD has now agreed to extend this protection to all exporters, irrespective of contract value or terms of payment, but the details of the cover have not yet been announced.

Insurance against the "on demand" risk is also available from Lloyd's underwriters, although their capacity is more limited and the basis of cover different.

Cost escalation

Although in this country contractors have learned the lessons of quoting fixed prices, exporters may still be compelled in a competitive situation or by local law, as in Saudi Arabia, to quote fixed prices for overseas contracts. In such circumstances, the exporter must build into his price a sufficient margin for cost escalation, whether generated within the U.K. or from abroad. The recent rates of U.K. inflation have not only made such a margin exceedingly difficult to gauge, but have also rendered the resultant contract price uncompetitive. The practice of quoting such prices in local or other currencies has only partially resolved this problem.

Scheme

The ECGD operates a scheme to support projects of £2m. and above against the effects of U.K. inflation, within certain parameters, but it is little used by contractors, who consider its application too limited.

Insolvency or failure of partners or sub-contractors

At various stages of the contract the insolvency or failure for any reason to perform of a sub-contractor or partner in a consortium or joint venture may have consequences wholly disproportionate to the defaulter's share of the contract. Additional costs which may be incurred include penalties for delay under the whole contract (not only the sub-contracted portions), costs of replacing the defaulter and costs of re-designing sections of the project to accommodate the new partner. The total may well exceed by many times the value of the defaulter's share of the contract. Under consortia and joint ventures, the effect is magnified by the joint and several responsibilities which each partner is generaly compelled to accept in relation to the total contract; in such cases the failure of one partner may have a domino effect on the others.

Some exporters are more concerned with the solvency of their partners than with their failure to perform, as ability and experience is rather easier to judge in advance than financial status. On the other hand, in contracts involving advance technology, for example the construction of nuclear power stations, performance failure may be the most crucial factor.

Some protection is available from the ECGD, which for projects of £20m. and upwards can *insure a participant against the* insolvency of his partners or sub-contractors. The ECGD insists, however, that the losses must be contractually due under the appropriate sub-contract or joint venture agreement, and contractors may find it difficult to impose such contractual liabilities. An alternative is bonding between participants, but this is unlikely to provide an adequate amount of protection.

Finance

While most exporters seek to obtain terms of payment which enable the contract to be self-financing, this is not always possible, particularly when the pre-shipment manufacturing period is long or when the exporter is heavily committed to suppliers or to sub-contractors. In such cases the exporter is dependent upon his bank to support him during times of negative cash flow.

For exporters who are unable to obtain finance from the commercial market, and for contracts with a minimum value of £1m. and a minimum period of 12 months between date of contract and mean shipment, ECGD operates a scheme which is intended to enable banks to provide the necessary loans, against ECGD's guarantee of repayment. The total cost to the exporter is, however, higher than his normal overdraft rate.

Exchange rate fluctuation

When a U.K. exporter takes a contract in a foreign currency, or places a sub-contract in a different currency from that in which he is being paid, he is exposed to a risk of adverse currency fluctuation, the extent of which depends on his source of supply. He can attempt to minimise this risk by suiting his currency of payment to that in which he himself must pay, or by using the forward exchange market.

Performance delay penalties

Many contracts contain a provision for substantial penalties in the event of delays or failure to achieve designated levels of performance. Although a well-written contract will provide relief when such delays or failure are beyond the control of the exporter, this is not always the case: for example, strikes may not be considered to constitute *force majeure*. It is, however, possible to insure with Lloyd's underwriters against such penalties being invoked.

Non-payment

At any time during the period of the contract an exporter runs the risk of being prevented from performing his contract by external political events, and either commercial or political consideration may prevent him from recovering monies due to him for work performed or goods supplied.

Insolvency

The ECGD credit insurance offers 90 per cent. cover against insolvency (of private employers), default and various specified political risks, although in order to recover under the Constructional Works Guarantee, in particular, the contractor must show that the relevant sum was actually due under the terms of his contract with the employer.

Where the contractor is offering credit, the attraction of the ECGD cre[illegible] insurance is the access it [illegible]es to the preferential interest rates available with the ECGD Bank Guarantees. Where, however, contracts are on cash terms, the benefits of ECGD cover are less certain.

Lloyd's underwriters can also cover some of the political risks, such as exchange transfer difficulties, import or export embargo, or contract repudiation, but are not permitted to cover insolvency or financial default.

The risks of physical loss or damage

These include fire, extreme weather conditions or accidents, during marine transit or during installation and commissioning on site, a contractor's liability to third parties or employees, and the confiscation of local assets, including plant. Such risks, however, do not generally cause undue difficulty, because even for the largest projects the world insurance market has always succeeded in meeting demand for cover. The only constraint is local legislation in several Middle East countries, which require that the insurances be placed with local or national companies, thus introducing a potential political risk; even this problem may be overcome by careful insurance and reinsurance arrangements.

Failure

In addition to the extraneous risks, a contractor should also satisfy himself that the potential financial consequences of his own performance failure are within the bounds of commercial prudence.

Arab contractors are building the prestigious 6th October Bridge across the Nile in Cairo. It is the biggest project of its kind in the Middle East and will be 2.7km. long.

None of these risks are new; the only new problem is simply that of the sheer size of the amounts involved, particularly with the advent of the "jumbo" project. Beyond a certain point the amount of risk becomes not only totally unacceptable but also totally uninsurable in any market underwriting on a commercial basis. This may indicate that the underlying problem is the under-capitalisation of some sectors of British industry and the effects of inflation on contract values and liabilities, but a solution to this is not available in the short term. At present, only the Government has the capacity to accept such risks; it does this by insurance through the ECGD and by equity participation through the National Enterprise Board, although there are certain restrictions on the projects which the latter can consider.

N. A. Alington
Credit Insurance Association

HE CONSULTANT

NUED FROM PREVIOUS PAGE

hese were the undisputed of management consult- but now that the technical engineering stages are ised as being completely roven with the manage- financial and economic s, the consulting engineer is increasingly regarded as the right man for the job.

The guide, "Consulting Overseas" by Reginald Bidgood, also emphasises that the consulting engineer who is able to include as a component of his total capability the financial and managerial aspects of project implementation is far better placed than his competitors with solely technical and engineering disciplines to bridge the gap between preliminary studies and actual implementation.

Consultants who imagine that the international market for their services are the same as at home are in for a shock, according to the guide. Apart from a knowledge of bilateral and multilateral loan and aid agreements and conditions to be appreciated, the U.K. consultant will find competition of a type unknown at home. For not only do competitors from other countries openly sell their services in a way unheard of in Britain, it is almost impossible to tell to what extent they are being sponsored. The consultant searching for business can find himself up against competitors receiving direct government assistance, either of a monetary, political or diplomatic nature, and in some cases the ground rules for selection of applicants may be unacceptable to a professional used to another set of standards.

Challenging

There is no doubt, however, that for the professional consultant the Middle East represents, for the time being, one of the most challenging markets in the world. Many of the potential clients as yet having nothing more than scanty technical expertise and are happy to hand projects over into the capable hands of skilled, experienced design and construction teams who can call on deep reserves of expertise to smooth out many of the problems before they arise and help see a contract through on budget and on time.

Some contracts will demand not only good technical and financial resources but a considerable degree of political sensitivity as well. Some form of association with a local professional counterpart, in order to gain close working knowledge of the market in question, can prove of immense value.

The opportunities for the consultant in the Middle East are as great as they are for the contractor himself. Patience, adaptability and sound skills will bring work for many of them over the next few years.

Michael Cassell

BRITISH CONTRACTORS

Emerging as a major force

BRITAIN WAS one of the pioneers of international contracting, establishing for itself a high reputation and a strong influence in building and civil engineering markets throughout the world. It is, therefore, hardly surprising to find that British companies have emerged as a major force to contend within the mushrooming Middle East markets where most of the international contracting fraternity is making strenuous efforts to win business.

The latest estimates suggest that, with the recession at home dragging painfully on and showing no signs of ending for at least two or three years, the diversion of activities by U.K. contractors to overseas markets is gathering pace. The value of all overseas contracts obtained by British comapines had risen from £118m. in 1964 to well over £500m. by the end of 1974 and it is clear that the Middle East is on the receiving end of most of the present effort. Since 1974, over 40 per cent. of the country's overseas construction work has come from this part of the world and this percentage is expected to show further significant growth in the medium term.

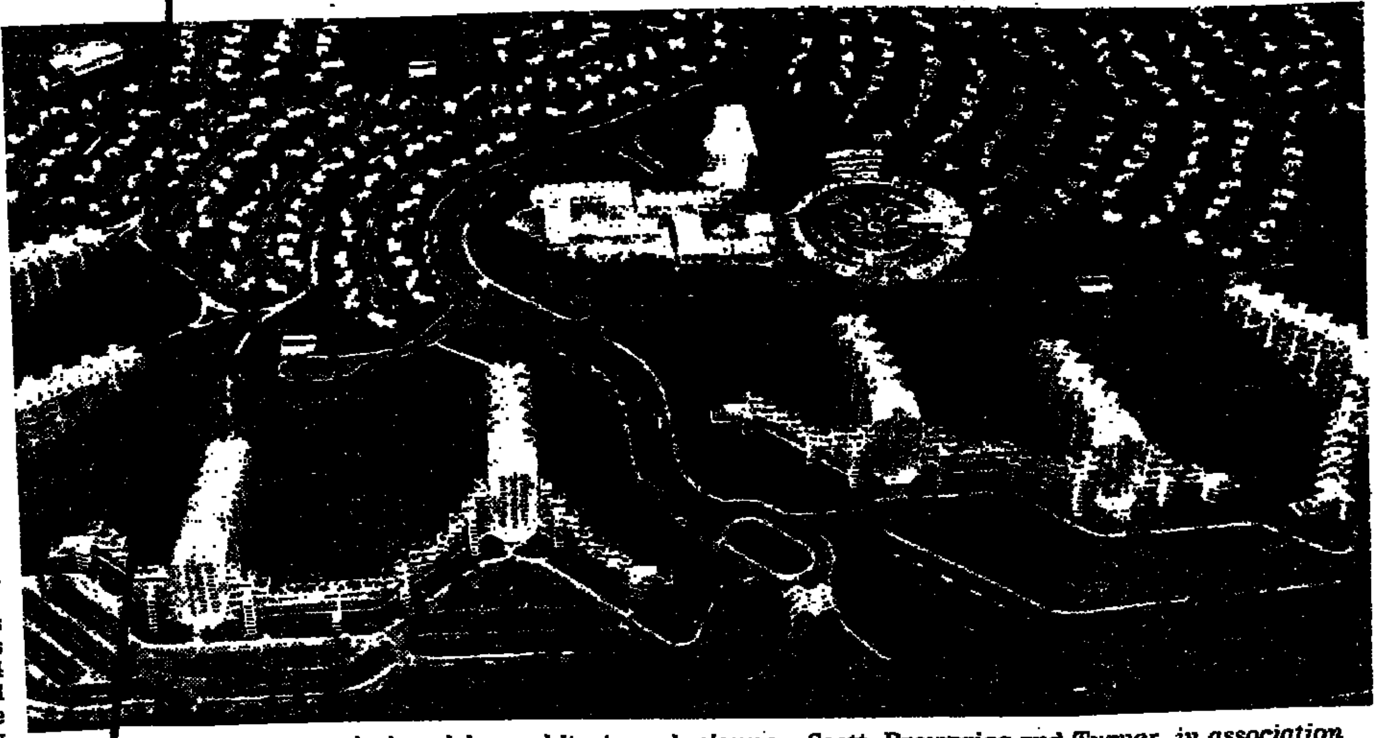
But while the average to smaller-sized contractors are casting a cautious eye at the region for the first time, it is as well to remember that some of the best known and longest established contractors in the Middle East are British and are well placed to capitalise on the new found wealth of the OPEC states.

Most of the Gulf countries are by now already well used to working with British contractors and professional consultants and there is no doubt that in many places there exists a strong pro-British sentiment, although this can never be relied upon to win business on its own.

In fact, the main message to emerge from any conservation with some of the biggest U.K. contractors operating in the Midle East is that while the market may be vast and the individual jobs immense, competi- tion for work is increasin- almost daily. In the United Ara- Emirates, for example, the ma- ket just five years ago was on- considered important enough warrant the presence of a han- ful of international contracto- mostly from Britain, but now seems as though every ma- contracting operation, toget- with some small ones as we- represented.

The prospects for conti- expansion and more cons- tion looks good in several o- Gulf states, such as Arabia, Qatar and Kuwa- though some tightening purse strings could affect markets such as Iran and

For the British, expertise in heavy civil eering and building, t with their experience in engineering, seems gu to keep them predom the region, so long placency does not cree



A m of the new town designed by architects and planners Scott, Brownrigg and Turner, in association with T Middle East, which will be built to house 12,000 people on the Caspian coast near Babolsar, Iran.

For situation now is that contra from every corner of th obe are apparently after are of the business now generated by petro- dolla Germany, France, Belgi Holland, Sweden, Japa America—many fac- ing own downturn in work at h—are among the big con s for contracts, with eac on tending to develop and omote a particular ex to sell as part of its ca for contracts.

I easing

important factor, how- e that although competi- t increasing rapidly, the of business to be won expanding and the mar- ould be large enough to e most well organised ctors with some work. Not urally, some of the largest acting operations with established contacts in the le East tend to dismiss the rtunities for the smaller panies with no previous rience of the region. While s certainly true that the comers will find it extremely d to penetrate the market then make it a profitable rcise, many of them are arly prepared to have a go. The big contractors remain rgely convinced that the aller fry will get their fingers rned as they come up against e bewildering market condi- ons which exist in some states nd to which even they have nly recently become accus- omed. They feel that in the hectic rush for business—stories of doubled booked hotels and nights out under the stars are apparently true—many less experienced contractors will find themselves woefully incapable of providing the human or financial resources to cope with the type of work available.

In 1975, new orders for U.K. contractors from the Middle Eastern market place accounted for an estimated 8 per cent. of the total in all categories in the home market and the proportion was much larger for the leading groups.

Apart from uncertainties surrounding cutbacks in expenditure programmes in one or two countries, with a halt to some contracts and delays in payments resulting from the reductions, the main differences in the degree of risk in operating in the region compared with other areas have been caused by the size of the work involved and the particular forms of payments required in the region. In addition to the normal type of performance guarantees, a number of states seek bonds which are liable on demand and effectively on the whim of a client. These bond demands are being resisted as far as possible and some of the largest groups with long traditions in the region have been managing to avoid them.

The Export Credits Guarantee Department can prove useful in helping to offset some of the risks from political changes and from non-payment and several leading U.K. contractors find ECGD cover particularly useful. On the other side of the coin, it should not be forgotten that contracts can often involve large advance mobilisation payments, often up to 20 per cent. of contract value.

Among the major British names now operating in the Middle East and intent upon developing in the region are Taylor Woodrow, Costain, Wimpey, Laing, Bovis, Tarmac, Sunley and Cementation. All have had their successes in winning contracts, and no doubt a few failures, and while the value of the work that each company is currently handling varies enormously they all combine to present a formidable British presence in the region.

Costain are among the most successful U.K. contractors so far in the Middle East, with extensive contract work now in progress in Oman, Dubai and Abu Dhabi and 20 per cent. of group turnover coming from the region. The contract which always demands attention because of its sheer size alone is the mammoth joint venture project with Taylor Woodrow to build the region's largest drydock and ship repair complex in Dubai.

The drydock contract was recently subject to a supplementary agreement which took its total value up to £162m., ranking it as one of the largest building jobs being undertaken anywhere in the world. As if that was not enough to challenge resources, Costain also has a £120m. contract with Taylor Woodrow to extend the Port Rashid development in Dubai. Without outside participation, Costain is also working on a £27m. cement works and a new building for the UAE currency board, valued at £10m.

Partnership

In Oman, Costain has a partnership called Yahya Costain, although it was in this particular market place on its own before the tie-up with a local businessman. Current work for the company includes the building of the Royal Guard headquarters at Seeb and a police stadium and hospital.

Another UAE currency board building is the subject of a £10m. contract for Costain in Abu Dhabi, while it also has a £20m. contract to supply accommodation on Das island for staff of Abu Dhabi Marine Areas, the national oil company.

Costain also has a foundation engineering subsidiary which is active throughout the area—in Oman, the UAE, Bahrain and Saudi Arabia—providing ground exploration and soils testing specialist services.

As for its joint venture partner, Taylor Woodrow's experience in the Middle East spans more than a quarter of a century and in that time has carried out an ever increasing amount of industrial and amenity work from Libya in the west to Afghanistan in the east, in Dubai, Iraq, Jordan, Iran, the Lebanon, Oman and Saudi. The Middle East now represents the greatest area of expansion for Taylor Woodrow and turnover there in the last trading year amounted to £43m., more than a third of the total overseas turnover of £121m. Apart from the Dubai dry dock and Port Rashid work, the company is engaged in Jordan on process installations for phosphate mines and civil engineering construction for an oil refinery.

The company has also joined forces with the State Constructional Contracting Company of Iraq to provide management and technical advice on the construction of a new £52m. phase of the University of Baghdad.

Wherever possible, Taylor Woodrow has attempted to team up with a locally based trading or contracting company, as have several other of the major contractors. Such "marriages" are regarded as mutually beneficial, coupling the experience, expertise and resources of the one with the intimate knowledge of local life and business methods of the other. The latest such partnership is Teamwork Saudi Arabia, formed earlier this year in Damman as a 50-50 arrangement between Taylor Woodrow's subsidiary International Teamwork and Ali Zaid Al Quraishi, a local company involved in various trading enterprises. Several small management and construction projects are already in hand.

In Oman, Taylor Woodrow is operating on a similar basis and has been engaged extensively throughout the Sultanate. It was formed after the completion of the Al Nahda hospital in 1971 and has since carried out a wide range of projects.

Among current proje company is providing t all management and tration of the new Qaboos residential tow £20m. development p an initial 1,000 hom shopping and co facilities.

Tarmac recently an that it had won the contract to drive a tunn the Suez Canal, one of imaginative schemes s emerge from the reg hopefully helping to open up the Egypti struction market to contractors.

In Bahrain, Tarmac £11m. housing contra first time the compa involved itself in housin Middle East. Work is in all the UAE c though so far it comprises small c The company's inter division was only for 1974 but although it days it has already pu into the group.

Bernard Sunley, wh picked up around £1 orders from the region past 18 months and turnover should doul year to around £30 recently won two involving bank develop Abu Dhabi, valued tog nearly £8m. while, in has a new £10m. con provide a medical complex. There are extend into Dohar contracts are now negotiation.

In Saudi, Laing Alireza has a £20m. ment contract involv Jeddah commercial while LWA also has job on the first phase Airport. Laing also venture work in Iran.

Wimpey currently ha Middle East contracts ing a £20m. job invol kilometres of road i which is now two-thi plete. Other recen includes a £2.4m. hotel in Oman, a £3m. wharf and a £4.5m. river Dubai.

Bovis Civil Enginee a £600,000 hospital co Tehran and reports intake of orders in the where it arrived at th last year, is already programme. The managed to win contract within two n opening its doors in T the first time.

Michael

NEW CONTRACTS INED, WORK DONE AND WORK OUTSTANDING (1) EOGRAPHICAL AREAS : 1973-75

£m. (current prices)

	T e of new con- t ained in the d		Total value of work done in the year ended			Total value of work outstanding at		
Geographical areas	ar. 31 1974(2)	Mar. 31 1975(3)	Mar. 31 1973	Mar. 31 1974(2)	Mar. 31 1975 (3)	Mar. 31 1973	Mar. 31 1974(2)	Mar. 31 1975(3)
Europe	62	161	52	57	69	76	77	164
Asia	225	504	79	78	131	74	216	587
Africa	112	174	74	86	87	84	111	197
North and South America and Western Hemisphere	54	72	63	62	53	41	33	54
Oceania	75	69	49	57	55	97	121	133
World total	528	980	317	340	395	372	558	1,135
of which: EEC	8	38	10	11	18	21	15	35
Middle East (in Asia and Afric	211	477	57	62	117	56	198	559

(1) These f ude the contracts won, work done and work outstanding by wholly or mainly owned s of British construction companies.
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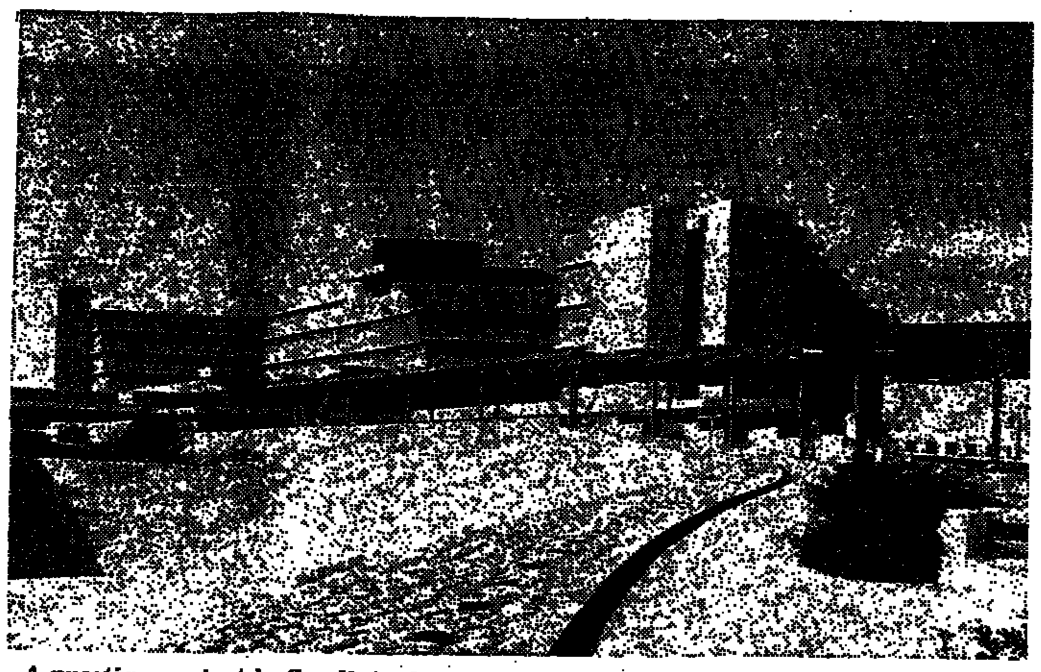
MIDDLE EAST CONSTRUCTION IX

SAUDI ARABIA

The rich rewards



A prestige project in Saudi Arabia: the Riyadh Conference Centre for which Ove Arup and Partners are consulting engineers. The architect is Trevor Dannatt.

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and penalties. The results of a personal survey show that these conditions remain remarkably constant. They include a 2 per cent bid bond which is converted to a 10 per cent. performance bond if the bid is successful but is returned if it is unsuccessful. A 20 per cent. advance, or mobilisation payment, is paid in one or two instalments in return for an equivalent advance payment bond, while a 10 per cent. cash retention is held on progress payments which can sometimes be converted to a 10 per cent. retention bond. Penalties for delay are harsh and quickly mount up to the maximum, which, by Royal Decree, is 10 per cent. of the contract value.

All bonds are unconditional and have to be provided by accredited banks with offices in Saudi Arabia. The First National City Bank and the British Bank of the Middle East are probably the major guarantors for foreign contractors and consultants. Getting the bid bond in the first place has proved a stumbling block for many people. As the banks will anticipate having to guarantee a total of 40 per cent. of the contract value, they must be convinced of the contractor's operating capacity and asset status before agreeing to provide the initial guarantee.

There are moves to make these conditions less onerous in order to attract more foreign participation. Recently indeed an American contractor had only to provide a surety bond of less than 10 per cent.

Bank guarantees, retentions, payments and inflation all have direct effects on cash flow and this is probably the most crucial of all aspects to control and understand when operating in Saudi Arabia. Progress payments are supposed to be made monthly but are frequently delayed. Assuming a profit at the end of the year, companies are subject to only one form of taxation. This is a simple progressive percentage: 25 per cent. on the first SR100,000 up to 45 per cent. on profits exceeding SR1m., with different rates for partnerships. A loss in one year cannot be carried forward to the next year.

The final retention will not be released until the contractor produces a certificate from the Tax Department confirming that taxes due have been paid.

Local inflation is currently running at between 30 and 40 per cent. but the rial remains one of the strongest currencies in the world. The sterling rate has dropped from SR7.65 in July 1975 to a current rate of SR6.24. All these and other factors make the task of tendering for a large project to run over many years almost impossible, especially as the contractor is almost certainly having to give a fixed price for the job. Only a few very large contracts have escalation clauses.

Like its neighbours, Saudi Arabia suffers from an overall shortage of manpower which is especially acute in the skilled professional occupations. Because there is full employment and a reluctance among Saudis to engage in any form of non-agricultural manual labour, most construction employees are immigrants. The largest number comes from the Yemen and other provinces of Southern Arabia. These are unskilled employees. The skilled and semi-skilled operatives mainly come from other Arab countries, such as Egypt, Syria, Jordan and Lebanon. There is also a significant influx from Iran, Turkey, Greece, Italy, Pakistan and, increasingly, from Korea, Taiwan, Japan and Indonesia.

This growing non-Arab section of the labour force is an important indication in two ways. It demonstrates how far afield people are prepared to go to recruit labour and more importantly for British contractors, it is making contractors more competitive, from countries like Italy, Greece, Japan and Korea. The level of "facilities" accepted by their labour is below that which other foreign competitors would have to provide for labour imported from their own countries.

However, with costs of labour increasing so rapidly, it will soon be economic to import labour from Europe and America. The present five-year Plan envisages the importation of some 500,000 necessary personnel. But it must be said that bureaucratic red-tape has not made importation easy in the past.

Labour

There is no organised labour but there are labour laws and regulations, and a social insurance law that demands 13 per cent. of the wages bill—8 per cent. from the employer and 5 per cent. from the employee.

The shortage of manpower is particularly noticeable in management and the technical professions. Senior positions tend to be filled from Europe, America and Lebanon while site supervisors and trades foremen come from other Arab countries and Pakistan.

To match the harsh conditions, salaries are good. The employer who tries to pay less than the going rate will usually quickly lose staff to competitors. The social and environmental problems which may face imported manpower are considerable. Saudi Arabia is a "dry" country. There are no cinemas and few restaurants. Women are not allowed to drive, and schooling is scarce. Saudi Arabia is the birthplace of the Islamic religion and religious practices are strictly followed.

Provided people are prepared to accept all this, Saudi Arabia offers a rich and varied culture, a fascinating terrain for climbing, camping and amateur archaeology. The Red Sea supports an exciting and colourful marine life and is popular for swimming. There is inevitably a strong expatriate community organising theatre groups, riding clubs, libraries, discussion groups and so on.

Accommodation is expensive and hard to find. A villa in the major cities will cost £20,000 to £25,000 per annum with rents payable three years in advance. Smaller apartments can be rented for around £10,000 per annum. Services are available although supply is somewhat erratic. Standby generators are common.

Water is scarce and expensive. It is reasonably available in the towns but on remote sites water has to be brought in by tanker. One contractor appointed to drill for water in the South West desert summed up the situation when he said "God help me if I strike oil!"

Telephones are difficult to get with a "black market" process costing up to 40 times the official rate. The local cost of living is between double and treble what it is in the U.K. depending on tastes.

Much construction work takes place on sites remote from the main cities of Riyadh, Jeddah, Al Khobar/Dammam. Head offices are almost invariably in these four places but a great proportion of expatriates will be out on site in specially-built encampments. Life here is even tougher and employers must show considerable ingenuity in maintaining a congenial environment.

The construction industry, as we know it to-day, came to Saudi Arabia suddenly and dramatically. Traditionally the Bedouin lived in tents (many still do), and virtually all the permanent buildings were made of mud brick and timber. The introduction of concrete came with the rapid increase in oil revenues, and is now the dominant material.

A popular form of construction is based on a concrete frame with hollow pot or block infill and internal walling, rendered outside with cement and sand. On prestige projects such as the Riyadh Conference Centre and the King Faisal Specialist Hospital, the standards of finishings are much higher. Some materials such as marble have been imported along with the specialists to fix and instal them.

The selection and mixing of materials for concrete is probably the most important control a contractor has to exercise in Saudi Arabia. Many of the aggregates, large or small, and much of the water contain chloride and sulphate salts, which, if not cleanly washed out, cause great problems later. The problem is worse on the Gulf Coast but there are examples everywhere of buildings collapsing owing to the breakdown of structural elements.

There is also a huge and constant maintenance bill on repairing cracking and spalling rendering and other cement based finishings. Even the atmosphere, the humidity often at 100°, contains these salts and stored materials such as reinforcement and washed aggregates are susceptible to "attack." Unfortunately, there are probably many substandard concrete products being produced and used in the boom market; particularly in the detached villa and hotel trade.

The old mud buildings of Jeddah, Riyadh and other towns have stood for centuries and are magnificent against the glare of the desert. It will be sad to see these buildings with their wooden balconies and beautifully carved cedar wood screens disappear. In contrast to the enormous construction boom unequalled anywhere, Jeddah Municipality has declared part of the city a conservation area. This will honour the memory of indigenous forms and materials of construction, while the surrounding country is developed in a different way.

Henry Dawson
Building Management and Marketing Consultants

ESTIMATED CAPITAL INVESTMENT IN PLANNED MAJOR CONSTRUCTION PROGRAMMES IN SAUDI ARABIA
(£m. at 1974-75 prices)

	Estimated Investment
Buildings:	
Housing	1,900
Schools	5,253
Universities/colleges	4,175
Health	2,290
Military bases	1,454
Other government	808
Commercial	646
Sub-total	16,526
Civil engineering work	
Municipalities	7,178
Roads	1,886
Civil aviation and Saudi	2,020
Ports	943
Electricity generation	808
Desalination plants	3,367
Sub-total	16,202
Industrial plant	*8,902
Total	41,630

* Includes ARAMCO capital investment programmes.

IRAN

Bottlenecks build up

AFTER THE startling growth of the past few years the Iranian economy is now experiencing something of a "hiccough." But this is not unexpected and it must be put into perspective. Iran's GNP has increased more than fourfold since the late 1960s to £18.8bn. in 1974-75. This growth has, of course, been powered by the burgeoning oil income. Since the late 1960s oil receipts have rocketed to nearly £9bn. in the last financial year.

During the 1960s the Iranian Government made a creditable effort to build-up the country's basic infrastructure. During the first Five-Year Plan, 1950/51-1955/56 £28m. worth of investment was achieved and this rose dramatically to £1.1bn. achieved during the third plan 1962/63 - 1967/68. With the quadrupling of oil prices in October, 1973 the Iranian Government lost touch with reality and projected investment totals of nearly £30bn. in civil investment and over £12bn. in military investment during the period 1974/75 - 1978/79. These totals were never realistic.

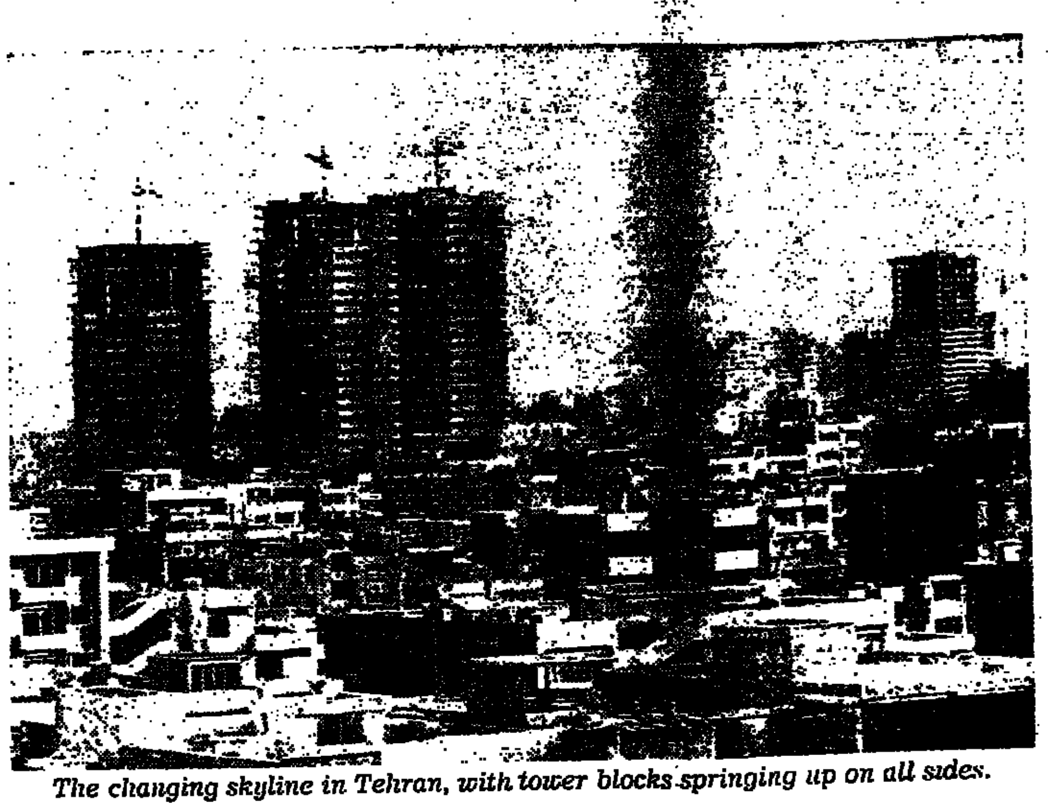
Iran's problem is to convert its foreign currency receipts into physical capital assets. At the moment the country is a paradox, in that it is, in reality, comparatively poor but at the same time, in book-keeping terms, immensely rich. To convert its potential wealth into real wealth in the form of the infrastructure and productive capacity of a modern industrialised society, the Iranian Government and planners must overcome the problem of the "pipeline." And this pipeline is long and congested. A congestion which is graphically demonstrated by the queues of ships at the Gulf ports and of delayed traffic held up at the border crossing points from Turkey and Russia.

It is these physical problems which have caused the present slow-down in the country's growth, but it is important to remember that these will be overcome in time and that time is on Iran's side. Thus the foreign contractor or consultant should not now-write Iran off. Quite the contrary.

The size of the present construction and related markets can be judged from the estimates for the year 1975-76-1977-78. These, although based on the current Five-Year Plan targets, constitute a significant writing down of those targets. Given the present climate of retrenchment in Tehran, the time scale may have to be extended somewhat. Nonetheless the construction budgets envisaged are huge and it must be remembered that these exclude construction for military purposes, which is itself colossal.

Running out

Any British contractor or consultant wishing to gain a share of this market and not already established in Iran must first realise that time is running out fast. Many British and foreign firms are now doing business. Among British contractors already well established are Wimpey - Laing, Costain, Cementation and Lesser. Professional practices with offices or operations in the country are Axtel and Partners, Sir Alexander Gibb and Partners, Merz and McLellan and Ove Arup. Leading foreign firms doing business are Brown and Root International, Chicago Bridge and Iron, Société Jean Lefebure, Kloeckner, Krupp, and there are many others. There is also a well-established indigenous construction industry. Companies such as Behshahr, Bastan, Day, Heris, Rah-Va-Sakhteman and Tesa have sizeable operations.



The changing skyline in Tehran, with tower blocks springing up on all sides.

PROJECTED INVESTMENT IN CONSTRUCTION PROCESS PLANT 1975-76—1977-78
(£m. at IR156/£)

Building:	
Houses/apartments	3,050
Government buildings	1,050
Commercial offices	270
Schools	245
Universities/colleges	155
Hospitals/clinics	165
Factories/warehouses	320
Hotels/inns	75
Other	110
Sub-total	5,440
Civil engineering:	
Railways	185
Ports	155
Airports	65
Roads	335
Water/sewage	670
Electricity distribution	510
Oil pipelines	240
Gas pipelines	50
Sub-total	2,210
Process plant construction:	
Electricity generation	465
Oil refineries	910
Gas collection and liquefaction	500
Petro-chemical plants	535
Steel plants	765
Sub-total	3,175
Total	10,825

In so far as they have needed to call upon foreign expertise and knowhow, most of the large and/or competent Iranian building companies have already established joint-venture links with foreign companies. Ten years ago it was fairly easy to find a reputable Iranian contractor with whom to set up a joint venture operation. Now it is much more difficult. Nonetheless the forming of a joint venture company with an Iranian contractor is much the best way for a foreign contractor to enter the market and bid for contracts. The local contractor will know the market better and will have easier access to the Government bureaucracy. However, no foreign contractor is obliged to operate on a joint venture basis. There is a widespread misapprehension that this is the case, but the Iranian Government's policy of requiring Iranian participation is limited to manufacturing industry. It does not apply to service industries such as building, civil engineering and consultancy.

A foreign contractor or consultant entering the Iranian market must, as a first step, come into contact with the Plan and Budget Organisation. The PBO is, unquestionably, the most powerful Government body from the point of view of determining construction expenditure. The Ministry of Economic Affairs and Finance is the tax-raising authority and the functional Ministries receive revenue from it, but some 80 per cent. of the finance needed during the current Five-Year Plan will come from oil revenues, and the PBO is the body through which oil money is channelled. And the PBO acts not merely as a passive distributor of funds. It determines how much investment money each Ministry shall receive.

At present some 65 per cent. of building and civil engineering investment is being carried out by the Government, in one guise or another. Hence the strategic importance of the PBO is evident. It has, however, a more specific importance. It is subdivided into a number of functional divisions, the four most important from the point of view of the foreign contractor or consultant being the Contractors' Bureau, the Consultants' Bureau, the Technical Division and the Technical and Investigation Division.

Any contractor, foreign or Iranian, wishing to bid for Government contracts must register with the Contractors' Bureau, which grades and categorises all such contractors. Functional Ministries with construction programmes then refer to the Contractors' Bureau lists. The Bureau also maintains registers of material, component, equipment and machinery suppliers for use in a similar manner. The Consultants' Bureau fulfils a similar function for consulting engineers, architects, etc.

The Technical Division is responsible for the preparation, up-dating and modification of typical forms of contract, for the preparation of specific contracts where the typical one is inapplicable and for the drawing of escalation formulae and the regulation of consultants' fees. The Technical and Investigation Division draws up standards, codes of practice and specifications.

As part of the registration process with the relevant bureau the foreign contractor or consultant will have to complete a questionnaire and obtain an attestation from the U.K. Foreign Office certifying the authenticity of articles of association, memoranda, etc., and a British contractor will have to register with the Contractors' Syndicate—the Iranian building employers' organisation. When registering with the Bureaux it is desirable to deposit descriptive literature, brochures, etc., in both English and Farsi (the Iranian language which, to a Westerner may appear to be Arabic, although in fact is not).

Having registered, a contractor may elect to seek work independently using sub-contractors, independently but through an agency and using sub-contractors, or on a joint venture basis with an Iranian contractor. The last method is the most promising, provided a suitable partner can be found and he is financially secure, for, should the Iranian partner go bankrupt, the foreign contractor is legally bound to complete the contract or forfeit the performance bond.

With regard to public contracts the situation regarding bid and performance bonds, advance payment bonds, etc., is as follows: (i) a 5 per cent. bid bond, forfeited if tender withdrawn before a tender is accepted, but this date may be extended 90 days; (ii) a 10 per cent. performance bond if successful; (iii) a 25 per cent. advance payment bond, if required, is usual but it may be as high as 45 per cent.

It is usual in Iran for a British bank to issue a bond through an Iranian bank. The cost of bonds vary, the average being about 1 per cent. of bond value per annum. Alternatively a contractor may approach the Export Credit Guarantee Department for bond cover.

Hardly any contract in Iran, public, private or sub-contract, is let without some form of advance payment. The amount varies but is commonly 25 per cent., and a common pattern of payments is 10 per cent. on signing contract, 5 per cent. when work commences, 5 per cent. when 40-50 per cent. of work completed, 5 per cent. when 60-75 per cent. of work completed.

Settled

Variation claims are almost invariably dealt with at the time the variation arises and as the work is carried out. Usually they are settled by the contractor or site agent on the spot with the client's representative, the matter often being settled by a telephone call to determine the current "bazaar price" for an item or material.

Disputes are almost invariably settled between the parties themselves, a dispute being referred higher up the management structure of both a client's and a contractor's organisation until a settlement is reached. More formal methods are available, the lower courts of the Ministry of Justice providing the formal machinery in the case of public contracts and arbitration usually being resorted to for private contract disputes. However, t are slow moving and fees are of the order hour. Hence, in m mutual agreement is between the parties.

The insurance of co contracts is becomi complex as project larger and more t advanced. The la requires all businesse sured with a local I surance company, bu a further stipulation Iran Insurance (Bimeh Iran) has a l to cover all projects Government has a participation.

All contracting wo ject to a turnover ta currently 5 per cent. it may vary from yea and this is deducted monthly certificat occasionally from adv ments. This tax re profits tax which f most other forms of operations in Iran. In companies, for exam tectural and consultin ing practices, pay a per cent. on profits pl cent. municipality tax per cent. Chamber of tax. These last two fall on contractors i to the 5 per cent. tu However, losses can forward and allow profits tax for a peri ceeding three years year in which the made.

Training

There are also soc and "training" tax p be made. In the cas employees, the gre construction worker ployer pays 3 per c wage bill to the M Social Welfare. The "permanent" employ higher — 22 per ce cent. being paid by th and 5 per cent. bein from the employee's the employer's 17 pe tribution, 15 per c tained by the Soci Ministry and 2 pe passed on to the Labour to finance training programm "training tax."

The majority o workers are casu employees and they supply. The Ministry does sometimes help to recruit, but it is for a company to ha its own recruitment advertising and by sp word that it needs locality in which it It is not unusual for a to pay retainers to vil men" to recruit for areas. Even in the many casual laboure sants from the count it is quite common tractor to lose large his men at certain t year when they retu the harvesting o seasons.

Wages are steadily national minimum every two years by ment. In April, 197 at 131 Iranian rials p but construction above this level. I a general labourer building site would IR250 a day while or welder could IR750 a day and up to IR850. Goi now probably above

To relieve the lab the Iranian Governr ing to recruit build from as far away a the Philippines, as Greece, Turkey, Pakistan.

As in the other mies of the Midd

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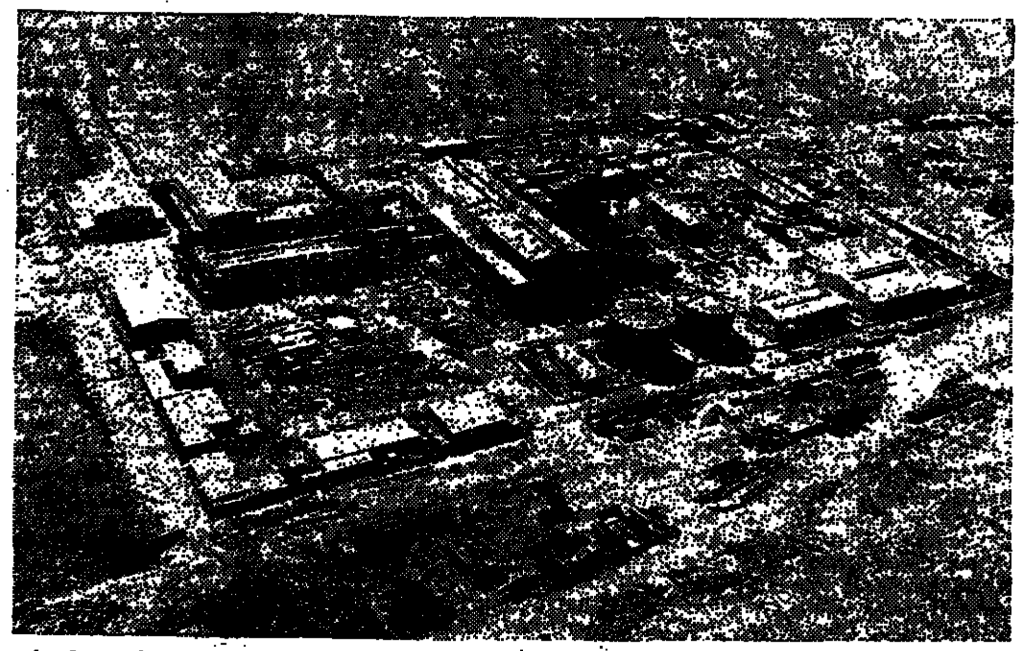
BAHRAIN

No bed of roses

CONSTRUCTION boom in Gulf that followed the oil increases of 1973-74 came hrain rather later than it o the other states of the 1. Physically Bahrain is f the smallest Gulf States, by comparison has a modest petroleum ie, which for 1976 fficially projected in the Budget at $475m. How- when the construction did arrive, it was out of roportion to the island's ncome or population. It is stimated that the projects ly under way, just out to or sufficiently advanced re a probable value placed them are worth about —on an island which is bout 30 miles long by 15 wide and with a popula- f around 250,000.

number of "contracting maintenance establish- " seems to increase daily. year one of the most g phenomenon in na has been the rash of signs advertising these sses, whose owners and ers are among the most cuous clients of Juliana's. in's most favoured night The major factors behind om have been Bahrain's ence as the pre-eminent centre for the Gulf as le and its attractions as day resort for the Arabs region as well as foreign ssmen travelling there. top for "rest and recrea- Bahrain has profited the demise of Beirut in spect. Incoming flights ursdays are full of week- Saudis and Kuwaitis. roposed causeway linking in to the peninsula can ncrease the number of visitors.



A view of the Sitra power and water station being built in Bahrain. Consulting engineers for the project are Rendel Palmer and Tritton for civil engineering works, in association with Preece Cardew and Rider for electrical and mechanical works.

nned

the tourist front no less ine hotels are under con- on, being planned, or seriously discussed. All ojects likely to be com- should add another 1,000 more than doubling the r of rooms and alleviate e very heavy pressure of d for existing accommo-

n the surge of tourists usinessmen the plan for Sheraton Hotel and asso- leisure complex is more ustified. In addition, a a Inn is near completion, day Inn is scheduled for ear, and Trust Houses has been given the man- t contract for another

sponse to demand arising Bahrain's growth as a s centre, a number of blocks are being built for private individuals or ia. Most notable among s the 18-storey Bahrain the State's first sky-. In parallel, the con- n of apartment blocks las for leasing to expa- is proceeding apace—the of the offshore banks, ntative offices, the dry- oject of the Organisation b Petroleum Exporting es, the expanding Gulf d other enterprises all be housed. With a short- both business and private odation, rents have d upwards. As a result, ction is proving a profit- tivity, giving quick and turns.

ly owned construction ies have grown to keep ith the rate of develop- in Bahrain. Some are tly developed to be able pete with international companies for the more compli- cated civil work involved in certain public sector projects. As elsewhere in the Gulf, they feature strongly in housing pro- jects, the low-cost variety in particular, but in Bahrain many are also developers of up- market houses, renting for up to $2,500 a month. Suppliers of electrical goods and other neces- sary fitments have also expanded.

This growth has not been without its problems. At least one local contractor ran into cash-flow problems in one of his divisions earlier this year and had to close it. Others have undergone, but survived, similar problems. Many have now taken on Western contracting manage- ment and some — like Karime with Sir John Howard and Partners — have formed part- nerships with foreign contract- ing companies. There have been physical as well as financial problems. One big difficulty in Bahrain is getting concrete to stick to its reinforcing steel bars. Many an "old" house (completed five years ago or more) has crumbling balconies and parapets reduced to a row of steel spikes.

The rapidly rising cost of construction materials, too, has caused big headaches, especially for those companies on fixed price contracts which are the general rule for Government projects. One contractor states bluntly that the overall infla- tion has been largely caused by the escalation in the price of products under local control rather than of products im- ported directly. Complaints about the cost of materials had some influence in persuading the Bahraini Government to fix the price of cement and aggregates recently. Most aggre- gate is locally produced, while almost all cement is imported. It is expected that the price of concrete cast blocks may be fixed quite soon. Their price is said to have tripled over the past year or two.

Contractors in Bahrain also have to contend with rising labour costs. In this respect other foreign companies may be looking with some envy at Hyundai, the South Korean enterprise, which is constructing the OAPEC drydock. It has imported from South Korea the bulk of its labour force, a body of men which is not only skilled but exceptionally hard working. Its productivity is cited as Hyundai's unique selling point.

A recommendation from the Bahrain Government is believed to have clinched for it the con- tract to build the industrial port at Jubail which is worth nearly $900m.

Just how profitable the work will be remains to be seen. For other contractors Bahrain has been no bed of roses, as two recent examples illustrate. Recently it was reported that Comstock International was going to withdraw from its con- tract to build the $25m. Sulmaniya medical centre. Its problem arose from cost inflation and changes in specifi- cations. It is now said to have been amicably settled. Comstock International will continue the work under a revised contract but will be liable to swingeing penalties if it runs beyond the scheduled completion date. Other difficulties were high- lighted by the announcement by the owners of the Gulf Hotel that they would have to close "indefinitely" half its rooms for repair. Here the problem facing Wimpey arose from the poor quality of the locally produced aggregate.

Biggest

The Ministry of Public Works normally insists on fixed price contracts and prefers the American system of tendering on full working drawings. The biggest project yet undertaken by it so far is the $120m. port expansion at Mina Sulman, with the U.K. firm of Rendel Palmer and Tritton acting as consult- ants. The main contract for it was awarded this summer to a French joint venture. This is on a fixed price basis but according to British practice whereby the detailed drawings are only given out to the contractor during construction.

Not all the development in Bahrain is being financed by the Government or the State's citizens. The Saudi Arabians, who have always had close links with the island, have been particularly generous this year, following the visit of King Khalid. Not only is Saudi Arabia going to bear the cost of the $750m. causeway linking the two states, but it has also given considerable sums for housing and educational pro- jects—such as $33m. for a tech- nical institute and $100m. for low-cost housing. The Kuwait Technical Office also features largely on Bahrain's construc- tion scene as a client, and so too do private Kuwaiti entre- preneurs.

One of the most interesting recent developments has been the establishment of a factory for system-built houses. United Building Factories, as the com- pany is called, has implications for the other Gulf states, too. It is hoped that the factory will be in production by the end of 1976, with a production target of 2,000 houses a year. It is a company with many sharehold- ers, the principal one, with a 30 per cent. stake, is United International Agencies, fol- lowed by Bahrain Financing Company with 18 per cent. and Mohammed Fakhro with 12 per cent., with the rest shared be- tween a number of Bahraini merchants. The system adopted is the French Camus one, but the factory will be managed by the British company Castbaird and is being constructed by Webb's in conjunction with Ahmed Mansour al A'Ali. Its first contract is for 500 four bedroom houses for the low in- come housing project in Isa Town.

Although construction of homes is racing ahead it is likely that United Building Factories may have to look to the export market to ensure greater profitability. As yet the governments of other Gulf states—such as Qatar and Oman —have been reluctant to use system buildings. Not so many years ago a leading Bri- tish expert turned down the idea of building a factory out here as not being viable. How- ever, with the crying need for housing in the region and the plentiful availability of money to pay for it, the factory should have a bright and profitable future.

Doina Thomas

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e of management and al personnel is acute and h contractor must accept will have to import his ior personnel and prob- uch of his site manage- This is expensive. Salaries ally about 50 per cent. U.K. levels.

ontracts manager earns 8,000 a year (and has a y car) and a site agent 10,000 a year in Tehran. ote parts of the country of up to £20,000 a year te agent are not unheard

mmodation is also in upply. Twelve months ago bedroom flat in Tehran ,000 a year to rent and a edroom house £8,000 a Prices have risen since There are also other benefit" expenses in fact, are standard for ate employees in Iran, company cars, removal s, insurances and cloth- owances. Some firms con- towards the cost of a . There is also the prob- education for men with age children. In practice ues sending family men to Iran must now accept that boarding school education in Britain will be an additional ex- pense. The British School in Tehran is fully booked up for several years with a long wait- ing list.

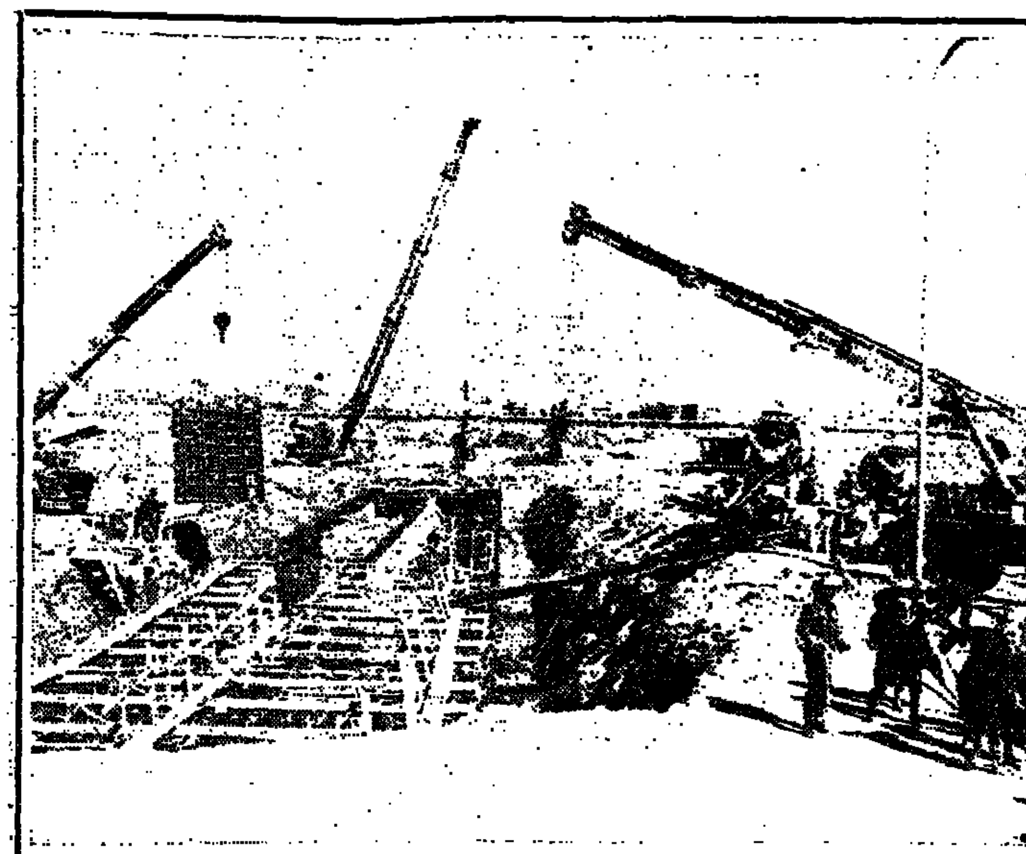
Resource

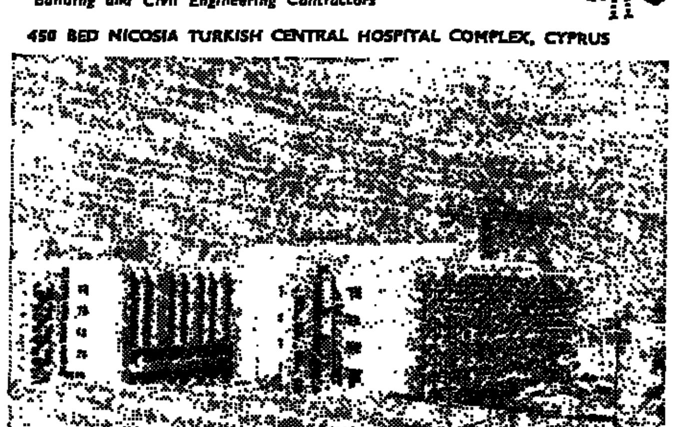
Once a contractor has gained work and has begun site opera- tions he must be prepared to face the "pipeline" problems which will inevitably arise. Site management must be prepared to use resource and ingenuity. Most plant has to be imported and considerable delays are ex- perienced in getting it into Iran and then getting it to site. Once on site it must be looked after. Spare parts take as long to import as the original equip- ment. Plant depreciation is a foreign concept. There is no relief to be had from the second hand market because there isn't one. Nor is there a hire purchase market. Plant is usually bought outright from advance payments and through an import agent. But good agents are rare. Many do not understand the plant they handle and do not stock essen- tial spares. Hence it is wise to order particularly vulnerable spare parts at the same time as the plant itself.

Similarly with materials. Cement was in short supply in 1974, although that problem has been more or less rectified, but "black markets" do obtain from time to time in the supply of other materials and services. Thus last year there was a black market in bricks. Considerable investment in brick making plants is now taking place, how- ever, and this problem is disappearing.

These are examples of the progress which is being made in developing the country which, in turn, render a more rapid rate of development both feasible and attainable. Un- questionably there is work to be found and profits to be made in Iran, both by contractors and consultants. But both types of businessmen must be prepared to face the work and expenses of establishing themselves, and contractors particularly must appreciate that their troubles really begin only when the contract has been signed.

Charles Coyne
Building Management and Marketing Consultants





EGYPT

Coping with expansion

AT THE time of the October, 1973 war, Egypt was in a sorry state. Six years of conflict had reduced the country to the verge of bankruptcy. Refugees in their hundreds of thousands had fled the war-torn Suez Canal region, placing unbearable strains on Cairo's already over-stretched infrastructure. All major development had been deferred as every effort was thrown into national defence.

One of President Sadat's first acts after the war was to charge his Reconstruction Minister, Osman Ahmed Osman, with the task of rebuilding the country. The top priority was the creation of a new axis of population and development along the Suez Canal.

Mr. Osman was a clear choice for the job. Over 30 years he had built his company, Arab Contractors, into the largest enterprise of its kind in the Middle East. When he took over the high dam at Aswan and completed it in just eight years, a task many thought impossible, he sealed his reputation as Egypt's king of construction. Known as a hard-headed businessman who can cut through the voluminous red tape of Egypt's bureaucracy, he is well respected by his staff.

Already most of the refugees have returned to Port Said, Ismailia and Suez. Some 14,000 houses and flats have been built, and a further 50,000 repaired. Basic services have been restored, including water and sewerage, electricity and hospitals, and 150,000 children have gone back to school.

But the Government wants to expand the region's population, now at about 800,000, to 3m. by the turn of the century, together with new industry and infrastructure. Mr. Osman instigated a planning study, and in December, 1974, three British-led consortia won contracts valued at £1.4m. for preparing the master plans.

The groups, led by Bullen and Partners (Port Said), Clifford Culpin and Partners (Ismailia) and Sir William Halcrow and Partners (Suez) submitted draft reports within 12 months, which were well received in Government circles. They expected to negotiate contracts for preliminary design of the most important projects without delay.

Domination

But the United Nations Development Programme, which is financing the studies, was concerned about the British domination of the work, and wanted the contracts to go out to international tender. The Reconstruction Ministry, short of funds of its own, hinted that the British groups could still get the work if the British Government would put up funds. The British Ministry of Overseas Development was slow to react, but the groups are still hopeful that a deal can be arranged. The impetus for Egypt's most urgent reconstruction programme has, for the moment, been lost.

Opportunities abound for overseas contractors, particularly in the public sector (the private sector accounts for only 15 per cent. of work, and annual expenditure is limited to £500,000 on any one job). Local contractors are eager to join forces with overseas firms since exchange controls restrict their own expenditure on new foreign plant and machinery.

But no British contractor other than Tarmac has any substantial work in Egypt as yet. The main stumbling block is the currency restriction which prevents overseas firms from repatriating their profits. This leaves the contractors with several choices; they can reinvest in local projects, such as hotels, and repatriate the profits on the foreign currency earned; they can work as technical advisors to local contractors; or they can come to a special arrangement with one of the ministries.

The Reconstruction Ministry has a reputation for paying its bills on time and is said to have good access to scarce supplies of hard currency. One of Britain's largest contractors, Wimpey, is now concentrating its efforts on this ministry. Bovis Construction, currently acting as technical advisor for the refurbishment of Shepheards Hotel in Cairo, is also hunting for work in Egypt.

Currency reforms are promised shortly, but the engineer faces other difficulties when he arrives in Egypt. The crippling bureaucracy frustrates him at every turn. Telephone and postal services are unreliable, and Cairo's traffic congestion is possibly the worst in the Middle East. Rents in Cairo have leapt five-fold in the last three years, and current inflation is reckoned to be as high as 40-50 per cent.

Many British firms complain that they get less help from their Government than their European and American counterparts, particularly with finance. Certainly the British Embassy in Cairo seems less eager than, for example, the British Embassy in Tehran to help firms win new business.

On the other hand, the falling value of sterling and a genuine pro-British feeling in Egypt should give British firms an edge over their competitors. The years of stagnation have allowed Egypt to fall behind the rest of the world, and the potential for redevelopment is large. Reconstruction requires expertise in planning, construction and construction management which is not yet available in Egypt. Even if only a part of the reconstruction programme materialises, the work will be beyond the capacity of the active local industry. The opportunities for overseas firms are immense.

Ambitious

The big question is whether Egypt will be able to sort out its economy sufficiently to continue with its ambitious plans. The trade deficit topped £E1,000m. last year and still appears to be rising fast. Last year 27 per cent. of foreign currency earnings went to service civil debts (not to mention the large military debt), and military spending will this year consume as much as 25 per cent. of GDP.

In the short-term much depends on the continued generosity of Egypt's benefactors, particularly the oil-rich Arab States. In the longer term, the ability to improve agricultural and industrial production and to exploit natural resources are critical. Despite the return of the Sinai oil fields last year, Egypt produces only a small surplus over domestic oil needs, though current exploratory borings give grounds for optimism.

The Suez Canal, which reopened last year, is already carrying a greater tonnage than before its closure in 1967. With up to 50 ships passing through each day, revenue is ov[er] ... per day in hard curren[cy].

The Suez Canal Autho[rity has] embarked on a deepen[ing and] widening programme wh[ich will] lower the depth in two stages to 33.5 metres, e[nabling] it to carry 260,000-ton [tankers] fully laden.

Salaries are low in E[gypt] ... graduate engineer could [expect] to earn £E25 to £E... month), and many en[gineers] and skilled craftsmen se[ek work] abroad. Far from disco[uraging] this drain on resources, Ahmed Osman actively [encour]ages it. With a large pop[ulation] and a long-established ed[ucation] and training programme ... tians are well placed to [fill the] vacuum of skilled manp[ower in] neighbouring Arab co[untries] and the cash they send [home is] a valuable source of ha[rd cur]rency. Education and t[raining] centres are being expan[ded as] fast as possible.

Two large new cities [are to] be built to relieve pres[sure on] Cairo. The Tenth of R[amadan] industrial city 50 km ... Cairo is being planne[d by a] Swedish group, while ... cans are planning Sad[at City,] 65 km north of Cairo.

Other projects in the ... include a large tourist c[omplex] near the pyramids a[nd] extensive road improv[ements,] expansion of sewerage and water supply in Alexandria and Helwan [and a] large programme of ... for housing and industr[y].

Hugh Fer[...]
New Civil E[ngineer]

KUWAIT

A tough market

A SUPERFICIAL appraisal of Kuwait might make it seem a less exciting area of development than the other oil producers of the Middle East which were enriched by the oil price escalation of 1973-74. It has enjoyed a petroleum wealth large in relation to its population and limited geographical area for longer than any other. Two decades ago the State first started investing surplus revenue to provide an alternative source of income. Before the OPEC boom it was able to provide itself with adequate public services and an infrastructure base. Per capita income is now reckoned to be higher than that of any other country in the world. Currently less than half the State's income is being absorbed in the domestic economy. The Kuwait budget for the financial year just started amounts to 1.03bn. dinars (£2bn., $3.5bn.) compared with actual oil revenue of $8.7m.

As a proportion of revenue, the 1976-77 allocation for project development amounting to KD259m. may not seem large. In itself, however, the sum is not inconsiderable and is expected to rise steeply over the next few years. In effect, the State is now facing its most intense period of construction activity yet. First, there are the plans for improving the basic facilities and expanding them to cater for increased pressures of demand. Second, the Government is embarking on a big programme aimed at providing Kuwait with better amenities like recreational facilities, new institutions and more prestigious public buildings—all of which were ignored in the early, piecemeal period of growth. Moreover, not included at all under the development budget are the two major preoccupations—the construction of a petrochemical industry based on the fuller utilisation of gas, on the one hand, and the big house building programme, on the other. When the projects of the private sector are also taken into account, the construction work in prospect threatens to make the State like one vast building site and strain its non-financial economic sinews to the limit, especially in respect of manpower resources.

On the infrastructure side, an enormous investment is required to satisfy increased demand. For instance, Kuwait is in the process of doubling its power-generation capacity from the 1,384MW installed at the beginning of this year to 2,618MW by the end of 1980, with the bulk of the expansion coming from the Doha power station. The contract for the civil engineering of the 600MW first stage was awarded to the Taisei, of Japan, with Mitsui and Brown Boveri installing the generators. Associated with it is the desalination programme that will raise production of fresh water from the sea from 37m. gallons per day to 62m., for which contracts have yet to be awarded. Kuwaiti companies are undertaking the KD8m. improvements to Shuwaik Port, while the extension of Shuaiba port, which is estimated to cost KD12m., is out to tender. Nadem Ballast, of the Netherlands, has the main KD26.5m. contract for the construction of the new airport terminal building that is due for completion next year. A large road-building programme is planned, including the Kuwait section of the highway to Riyadh and the municipal motorway scheme priced at KD80m. Substantial investment in telecommunications, a field where existing facilities have failed to keep pace with demand, is on the immediate horizon including a KD30m. extension to the existing internal telephone system. In conjunction with a local contractor Siemens is installing the State's second earth satellite station, and L.M. Ericsson, of Sweden, is laying a co-axial cable to Dahran under a KD5m. contract.

Priority

Politically and socially, the biggest priority of all is the construction of homes for lower-income Kuwaitis. The National Housing Authority was established in the autumn of 1974 as an independent State authority charged with overcoming the housing shortage in conjunction with the Ministry of Public Works, the Ministry of Housing and the Municipality. With an initial capital of KD1.5bn. over the next five years, and its latest reported objective is to bring about the construction of 31,000 units. First contracts are expected to be placed soon, but the master plan is apparently some way from completion.

A Japanese consortium, made up of Nissho Iwai Company and Pacific Consultants, in association with Japan City Planning and Kokuba-Gumi Company, have completed their pre-development study on a KD150m. township at Ardiya, which would embrace 3,500 low-cost housing units, schools and complete basic infrastructure.

Defence expenditure is becoming a more significant item in the Kuwaiti budget. Union Engineering, of Yugoslavia, is constructing a KD70m. air base, and contracts for the harbour, docks and other civil engineering works of a KD100m. naval base, for which Brian Colquhoun and Partners, are the consultants, are expected to be awarded soon. Also planned by the Government are a major extension to the Ruler's Sief Palace, a new National Assembly building, a ministerial complex, a Stock Exchange, a State Mosque, a national theatre, and a second new structure for the Kuwait Fund for Arab Economic Development. In line with the policy of relieving the drabness of life the Government is contemplating the construction of a Disneyland and a KD5m. zoo, while a KD46m. private sector recreation project will go out to tender next year at a probable cost of KD45-50m. At least ten new hotels have been under active discussion as well as extensions to the three existing major ones. Kuwait Airways has its own plans for a recreational complex at Failaka.

Though more self-contained, the KD250m. gas utilisation project being carried out by Kellogg International as the main contractor, with Bechtel International as consultants, and the forthcoming petrochemical projects costing twice as much again will make a bigger demand on available resources of materials and manpower. So, too, will other smaller private industrial investments in the pipeline. Not surprisingly, the licences granted and loans approved by the industrial bank of Kuwait show a heavy orientation towards projects directly related to the construction industry including cement, prefabricated buildings, iron and steel, glass, limestone bricks aluminium and the like.

On both the materials and labour front the inflationary pressures had built up to the point where, according to some estimates, building costs were double or even triple what they were two years previously. In the immediate future materials will present less of a problem than they did earlier this year. This summer the cement shortage was eased by the packing of bulk cement locally, but nevertheless the Government earlier this month decided to subsidise domestic production. The manpower shortage is more accute—with minimum day

CONTINUED ON NEXT PAGE

مكتب صامص الاصل

اقتصاد الاعمال

LIBYA

Profits are hard won

TEVER THE vagaries and iarities of its regime's es, Libya has shown as big 'holehearted a commitment oid development as any of ther oil producers of the e East. Despite an enous population of only and what was on the face a very limited absorptive ity, the North African has also managed to dis- a very large proportion ; revenue. That much is nt from the country's gold foreign exchange reserves orded by the International tary Fund, which showed to have fallen from m. to $2.19bn. in the e of 1976, despite a higher of oil production.

ae of Libya's Third World ners for direct oil sales have fallen behind on their ents. Arms purchases [have played their part the Soviet Union having ieir terms high on a cash- livery basis for the ms supplied under the concluded in the spring of By March of this year was a slowdown in project that reflected a Govern- liquidity crisis as well as asure of fiscal mismanage- Since then Libya has behind on some of its own ent obligations to con- ors.

measure of Libya's ambi- can be seen from its 1976- Five-Year Development which has been set 7bn. n dinars (nearly $24bn.), a t which should, on the face be well within the coun- fiscal capacity. Oil revenue rrently running at $7-8bn. illy and may be higher over ull year, with output and barrel receipts higher than 975. Yet Libya does face particular problem which not have been taken fully account in the plan which drawn up with the assis- of the Indian National trial Development Corpora- Massive new investment in equipment will be required ep production at its present an da critical point could e withi nthe next year. Hav- taken over the greater part s oil industry, Libya cannot to the companies to share burden. Quite apart from Libya may have more or reached the limits of its ptive capacity and ability crease spending. The big- constraint will be man- r—with foreign labour nting for over 40 per cent. al manpower at the time of ear's census.

atever the outcome, a large rtion of this capital invest- will be in construction— Libya will be looking to n contractors to carry out ulk of it. Even as far as e bricks and mortar are concerned the country's building industry is relatively underdeveloped with only a handful of state-owned medium-sized companies. Four of them, headed by the General Building Company, are building the Tripoli airport terminal, but under the supervision of an Italian firm. Formally, they are responsible for some of the larger projects, but in practice sub-contract the civil engineering, as well as the electrical and mechanical, to foreign subcontractors.

As for foreign contractors, the generalisation that construction is dominated by East Europeans is misleading. The Bulgarians are setting up and running health polyclinics while also drilling for water. The Romanians are constructing roads. The Poles are building the LD12m. port at Misurata and the Czechs are doing a mapping survey of the east of the country. Hungarians are assisting with agricultural projects. The East Europeans are conspicuous because they employ a higher component of their own nationals than any Western country would. The low wages paid to them and simple living conditions provided are reckoned to be one reason why the East Europeans can bid competitively on some jobs. As elsewhere, the suspicion remains that they are prepared to ignore profitability in return for hard currency earnings.

Agreement

An entry into the field of civilian development has been made by the Soviet Union, whose Technoprom Exports is to lay a section of the power distribution network. More business should follow from the agreement on economic and technical co-operation reached last year in Moscow, in which the Russians agreed to provide Libya with an "atomic centre," including a small nuclear reactor. As it is, the Comecon share of foreign contracts outstanding worth more than LD1bn. is small. Yugoslavia is not a member of it, of course, and should be distinguished in other respects as well. Its companies are expected to make a profit and its personnel are expected to remit earnings to their families.

With an estimated 2,000 nationals in the country compared with 3,000 for Bulgaria, the Yugoslavs are doing more work and are carrying out at least six contracts, including an LD32m. land reclamation scheme, an LD21.5m. first phase of Benghazi University. Under discussion with Libya is Yugoslav participation in the construction of a railway line, a road network covering 1,000 km. an aluminium plant and a housing project.

As hard and mean in their own way as the Kuwaitis, the Libyans want the best — with little, if any, regard to political considerations — even if their conditions of contract and work deter many prime international companies from bidding. Analysis of a reasonably comprehensive list of projects in hand a year ago showed that work being done by the West Germans had a total value of LD320m. They were represented across a broad range of activities but were particularly strong in the fields of power and electricity, with Brown Boveri prominent.

Uhde has two contracts for petrochemical plants totalling LD70m. Philip Holzmann is doing two agricultural developments (LD32m. in value), a hospital in Tripoli (LD9.1m.) and the dormitories at Benghazi University (LD4m.). The company may well have first entered the Libyan market at a time of slack activity at home, but thought it worthwhile continuing.

Emphasis

The Italians were responsible for almost as much work, amounting in value terms to LD340m.—also across the board but with the emphasis on the construction of oil refineries and petrochemical plants, as well as representation in power generation: Recorded French contracts were worth LD64m., with Alsthom involved to the extent of LD25m. in desalination, but have been substantially increased since. In particular, this spring there was the award to Fives-Cail Babcock of an LD46.5m. project for the construction of a cement plant at Khoms. This was one of the areas of economic co-operation covered in bilateral agreement reached in March, which also included the French commitment to build a 600MW nuclear power plant.

The foreign contracting scene in Libya is a varied one, with a large number of relatively small projects. In itself the way in which they are parcelled out reflects the diffidence of foreign companies about the tough contractual and working conditions in Libya. A Turkish consortium is just completing the first phase of Tripoli's port, and Bharat Heavy Electricals of India recently won a contract to build a power station there. The Danes are building a LD30m., 5,000-house township on the outskirts of the capital and the Swedes are constructing a large hospital in Benghazi. Egyptians companies and, to a lesser extent, Tunisian ones are engaged on many schemes. Like the East Europeans, the Yugoslavs and the Turks they bring economical manpower in greater bulk. The Japanese have a few projects but are not heavily involved. For the U.S., only Westinghouse figures prominently. The British-based subsidiary of Peabody Gallian earlier this year won a contract for two refuse-composting plants and that is just about the extent of primary U.K. work in construction although Reyrolle Parsons has the contract for the installation of its substation equipment, Platt Mather is providing machines for a textile mill, and a number of other companies have healthy orders for other equipment.

Contract

The absence of British contractors is in stark contrast to the number of the U.K. consultants working for the Libyan Government—James Cubitt and Partners; Rendel, Palmer and Tritton; Robert Matthew Johnson Marshall and Partners; Howard Humphreys and Sons; Kennedy and Donkin; Stone and Webster; and Parkman Consultants. Nationalised industries have also broken what is new ground for them. Last year the Central Electricity Generating Board undertook the task of running a Libyan power station, and this year the Post Office was awarded the consultancy contract for the design of a telecommunications link between Tripoli and Benghazi. The hope may be that these engagements will lead to a more substantial British involvement in Libyan development.

One does not have to look far for an explanation as to why British contractors should choose to concentrate their efforts elsewhere, especially when their general capability, commitments and capital structure are taken into account. In the City-centred insurance world Libya's name is probably blacker than that of any other country because of the regime's arbitrary calling in of performance bonds after the 1969 Revolution. (Ironically, the Italians who were mainly affected are back in force, but that is not wholly surprising given the powerful push to the State-owned giants from the Government and the historic links with Libya.) Moreover, Colonel Muammer Khedaffi has shown a peculiar viciousness towards the U.K. Equally important, in practice the contract terms and other conditions arguably make Libya the most unattractive market in the Arab world. Indeed, recently the response internationally to Libyan tenders has been exceptionally poor and following the recent lengthening of payment delays may become worse.

Terms are broadly based on the FIDIC formula but amended substantially in the client's favour. Fixed price contracts are still the almost invariable rule and make no allowance for escalation in costs. No adjustment is possible even for increases resulting from changes in legislation, hikes in import duties or rises in the price of local materials that contractors are obliged to purchase. The Government can insist on payments in Libyan pounds but gives no guarantee that they will be freely and readily transferable into foreign currency. Advanced payments which were once at 10 per cent. are now down to 5 per cent. Performance bonds of 5-10 per cent. are as much of a problem as elsewhere. Overall, the risks are such that any prudent contractor would add 20 per cent. to his bid price merely to cover them.

The spirit in which the contract is interpreted is as harsh as the letter, with the Government having all the rights and the contractor all the responsibilities. With very little delegation of authority, there is a reluctance to take decisions and consequent delays in the execution of projects. Even before the Government ran into liquidity difficulties this year, long delays were experienced for payments and authorisation of transfers abroad. Despite these adverse conditions, the Ministry of Finance will not accept that a company can make a loss and has even demanded that some companies should pay tax on non-existent profits. Last but not least, there is the pressure exerted on the companies to employ relatively expensive and more indolent Libyan workers even though they are not properly trained for the jobs required.

Labour Department policy was to make contractors employ Libyans in roughly equal proportion to expatriates. Demand has been such that the ratio now is probably two expatriates for each Libyan. Foreign companies prefer the cheaper Egyptians, Tunisians, Syrians, Jordanians and Turks who make up the bulk of the imported workforce — but supply was affected by the sudden expulsion in March of Egyptians without permits (who are paid much less than those possessing them. Stones, sand, cement and timber (imported by Libyan agents), the bulk of building materials, as well as components, are imported from abroad. In this respect, the contractors' situation has been improved by the easing of the port congestion, which became acute towards the end of last year. That has been a marginal benefit in a country where it must be as hard as any for a profit to be made by a foreign company implementing a project.

Richard Johns

UWAIT CONTINUED FROM PREVIOUS PAGE

for unskilled labour. For ears now Kuwait has faced : competition from neighg states, not least Iraq , together with Iran, was main source of unskilled . The demand for Syrians 'alestinians, who provided ulk of the skilled labour, qually strong. Kuwait, while, is in the dilemma by the fact that it wants it the growth of expatriate ation.

aining labour permits con- to be difficult despite the hat a very big expansion labour force will be re- l to implement all the ts in prospect. For these s, Kuwait is not the most tive proposition in the region, even if it is not in experiencing very d cost inflation.

reover, it is also like other states of the region—a difficult market because of the tough contract terms imposed. Law No. 37 of 1964, which laid down the basic ground rules for public tenders, reflected the concern to avoid being "taken for a ride" and also to drive a hard bargain typical of this merchant community's keen horse-trading tradition. Having veered away from the basic Federation International des Ingenieurs Conseils formula for State contracts, Kuwait has swung back towards them—but with some stinging differences in the second half of it. The rule rather than the exception is that prices are firmly fixed with no adjustment allowable for an increase or decrease in costs, except for Customs duties. A variation of 25 per cent. or more (rather than 15 per cent.) is required before there can be a rectification. A 10 per cent. performance bond is required that can be called on demand without any contestation.

Advance

Against that, advanced payments—which can be up to 30 per cent. of the contract price —are a matter of hard negotiation rather than standard practice, as in Saudi Arabia. In addition — and here Kuwait is unique—the contractor is not only made responsible for the safety of construction for a ten-year period but also for the work of the consultant. Arbitration of disputes is by the competent Kuwaiti authorities. Beyond that, contractors are advised to watch the small print very closely or, to quote a consultant, they will be "taken to the cleaners." And by law, lastly, awards are made to the lowest bidder as long as he is reckoned to be able to do the work properly and as well as the others.

Contract and tender regulations are under review by the Government. But it would probably be impossible for the Government to get the approval of the National Assembly for a revision of the basic principle of the fixed price contract and acceptance of the lowest bid. In an implicit recognition of the difficulties faced by many international contractors, it has set aside a fund of KD30m. to compensate companies who lose money through circumstances beyond their control. The Government has been made aware that many of the best Western construction companies are showing no interest in bidding for work in the State.

Kuwait is more preoccupied with quality now than ever. Harsh contract terms were one reason for the success over the past decade of East European contractors. By paying low salaries and importing their own cheap personnel, they were evidently able to cut costs. The East European Governments seem prepared to make a net loss in Kuwait in return for foreign exchange earnings. Harsh contract terms also accounted for the disappearance a decade ago of British companies, which found easier conditions and possibilities of profit elsewhere. Not a single one is at present doing work in the State. Kuwaiti Ministers are said to be anxious to see them return, and an exploratory, U.K. Government-sponsored construction mission is to visit the area later this year to assess the scene.

Richard Johns

JORDAN

Migration prompts growth

JORDAN DOES not share the tremendous scale of requirements, shortages and incentives that are the *hallmark of the* construction sectors in the oil-producing nations, and in general does not exhibit all the great abnormalities of the construction and contracting industry throughout the Gulf *region.*

But a whole different set of circumstances has fuelled a construction boom in Jordan which, for all practical purposes, brings the country into line with the other Middle East states going through the oil-induced dash for development.

With Jordan's smaller and more varied economy, the domestic construction sector had always been able to meet the normal requirements for housing and commercial and *public buildings—with the aid* of foreign expertise for the more sophisticated jobs. But normal requirements took a *sharp turn into the realm of* the abnormal during 1975, and the result has been a construction sector where prices are higher, labour and materials sometimes not available, and, as always, the market for the foreign consultant and contractor as wide open as ever.

The recent pressure on the construction industry in Jordan has been the result of several factors, most prominent of which are: the influx of several thousand families from *Lebanon, who require apart*ments and houses, and office space for their businesses; the migration of Jordanians from rural areas to the urban centres; the natural population growth of 3.5 per cent. per year, coupled with a high increase in the number of new independent households; the continuing economic boom that causes many Jordanians, both residents or those working abroad, to consider building new homes or business premises; and huge *Government-sponsored infras*tructure work.

The annual housing needs of the country are now put at over 16,000 units per year, though the Government realistically hopes to see 31,000 new units in the *country over the coming five* years, at a total cost of JD83m. (£143m.). Of this, the Government will put up JD30m. and the private sector the remaining JD53m.

Government buildings in the *next five years will only* cost some JD3m., while the transportation sector alone (airport, Aqaba port expansion, roads, etc.) will require works of a total value of JD120m.

The domestic industry had been able to cope quite well until late 1975, when the sharp demand for more housing caused a flurry in new building *activity. Many people who* owned a plot of land decided to build on it (spurred on by the high rents of late), and others who lived in their own home often decided to build a second or third storey on to it.

Shortages

The result has been spot *shortages in materials* and a sharp rise in wages — but again, not quite on the scale of corresponding phenomena in the oil-producing states.

Unskilled labourers are plentiful, and command an average of 1½ dinars per day (just over £2): semi-skilled workers are also generally available at the rate of JD2.2 per day.

Skilled workers, foremen and engineers are now much in demand, and as a result of both domestic and regional needs, they have more than doubled their wages in a year. A skilled worker such as a carpenter, plumber or stone-cutter, commands about JD5 per day (£8.60), a section foreman similarly gets JD150 per month (£260), while a general foreman is not to be found for less than JD350 per month (£600).

An engineer *with* several years' experience to-day commands at least JD400 per month (£700), and all of these skilled people are continually being tempted to go and work in the Gulf oil-producing states at double these salaries, *with* housing thrown in, free and generous annual vacations. Many accept the offers to make fast money, which only compounds the local shortages and forces Jordanian employers to *pay yet higher salaries in order* to try to retain the skilled workers and engineers.

Jordan has traditionally been an exporter of skilled manpower, and has also traditionally been unable to provide employment for all its labour force. But to-day, with ample work available at home, the continuing flow of workers to *neighbouring countries is* becoming a major constraint.

Coupled with the spot shortages of personnel is an *increasingly vexing materials* situation. Cement is the major problem, with some projects grinding to a halt for a day or a week because of cement shortages. The country's sole cement plant, at Fuheis, near Amman, is unable to meet the burgeoning local demand, while the Government's fixed price of JD15 per ton has not induced the necessary imports to fill the gap. A local black market has consequently developed, where LD30 will normally bring forth *the required ton of cement.*

Wood and steel are generally available, with intermittent shortages often due to transport bottlenecks, such as congestion at Aqaba port. Local stone—the limestone that is found on every building in the country — is abundantly available locally, but again one often has to wait several weeks for the desired quality or colour—or for the workman to cut and chip the stone. Glass and aluminium are similarly to be found on the spot.

The *prices* of all these materials have increased sharply in the past year, with 20 per cent. increases in the price of wood and *aluminium*, a 50 per cent. price hike for glass and a 100 per cent. increase for the local stone.

Contractors who have been working in Amman for the past five years, and who have been *responsible for both single* family homes and large power station and road projects, point out that the average cost of construction, which was JD40 per square metre in 1974, has reached an average of JD60 *£100 to-day. This does not in*clude the price of the land, which has rocketed upwards with the same degree of abandon that marks escalating land prices throughout the Middle East to-day.

These pressures on the construction industry are all expected to last for at least another two years. One of the results of these pressures has been the rapid development of the local consulting and contracting firms, improved techniques, and the establishment or expansion of industries that feed the construction sector.

Prefabrication techniques are increasingly applied, and some of the more efficient and less labour-intensive processes being introduced in Jordan include transit mixing of cement, increased use of tower cranes, *concrete batch plants, pre-cast*ing concrete blocks, larger and more productive digging and earthmoving equipment, stone crushers, automatic tile machinery and, in general, more use of mechanical equipment to make work faster and cheaper.

Two new porcelain and steel pipe factories are also making their presence felt, but the *supply side of the picture will* be helped most in the short run by efficient transport and import routes for materials coming in from other countries.

The role of the foreign consulting engineers and con*tractors within this picture has* not changed at all during the past few years. With the handful of local consultants, with *their limited* experience, incapable of handling sophisticated engineering projects such as airports, dams, mechanical works and ports, the Government normally turns to international firms for these tasks.

Consultants

One local consultant points out that the government chooses foreign consultants primarily on the basis of experience, specialisation and price. It is also the normal practice to give at least the consulting contract for a project to a company from the same country that finances the project in question. *In some cases*, a country that agrees to finance some local scheme also asks that the supplies and contracting contracts be awarded to its nationals, though this is not the rule.

It is the rule, however, that any international consulting or contracting firm bidding for a tendered project in Jordan must have a local Jordanian associate, with a minimum 15 per cent. cut of work and profit for the local firm. This is designed to help the Jordanian consultants acquire the experience they now generally lack in anything more complex *than standard* civil engineering construction works such as homes, roads, large buildings and routine mechanical or electro-mechanical jobs.

It is also standard practice in Jordan for the Government to seek independent consulting work for the design of a project, and then to hire the same consultant to supervise the project's implementation. In this manner, with a different contractor given the actual construction job, the original con*sultant* who designed the project stays on to act as the technical eye of the Government.

An emerging trend is for the *Government to put out a tender in which it gives the* [illegible] local consultant "in ass[illegible] with a foreign compan[illegible] is part of the continu[illegible] to build up the Jordar[illegible] sulting and engineering [illegible]

In the case of the ne[illegible] at Zizya, 25 km. s[illegible] Amman, the designs for [illegible] and second stages we[illegible] pleted in 1973 by the [illegible] consortium of Rh[illegible] Bechtel-Dar Al Handa[illegible] Bechtel has been re[illegible] assume *responsibility* [illegible] management and super[illegible] implementation of the project.

Other major projec[illegible] handled in large part [illegible] national firms are: the [illegible] King Talal Dam, bein[illegible] taken by a Yugosla[illegible] expansion of the Zerqa [illegible] by Industrialexport of [illegible] with the £6.5m. civ[illegible] management contract [illegible] to Taylor Woodrow of [illegible] the Aqaba port e[illegible] feasibility study, being [illegible] out by Parsons, Br[illegible] Newton; the design, su[illegible] installation of a *phosph*[illegible]fication plant at Al Ha[illegible] another Taylor Wood[illegible] tract, worth £4.5m. and [illegible] sulting contract for [illegible] Sea potash plant acce[illegible] and 45 km. of test d[illegible] by the Dublin office [illegible] American firm Jacobs [illegible]ing; civil engineering [illegible]ants for the same pr[illegible] Sir Alexander Gi[illegible] Partners.

West German fi[illegible] heavily involved in Jor[illegible] projects and Aqaba p[illegible] while Italian and Du[illegible] are undertaking ma[illegible] schemes and build[illegible] Hussein Thermal Pow[illegible] at Zerqa.

Rami G.

ALGERIA

State keeps control

WHEN A delegation of American bankers visited Algeria recently, they were driven in an official car to Arzew, near Oran, to be shown round the sites of three new gas liquefaction plants planned to be built there. *They were also driven to dis*traction.

The visit was important. Two of the plants had been contracted to American companies, Bechtel International and Pullman-Kellog, and the third, it was announced only last week will be built by a third U.S. concern, Foster Wheeler. The total value of the three projects is estimated at about $3bn.

Unfortunately no one at Arzew had been told of the delegation's arrival, and the bankers were left to simmer in the car for more than an hour while a series of frantic telephone calls eventually resolved *the matter. And although* relatively minor, the incident reflects what the French have always called *"le facteur algerien"—an ability Algeria* possesses to wear down foreign businessmen, diplomats and expatriates working there to the point of exhaustion.

Inflexible

This factor is part of the cumulative process that makes it difficult for contractors working or negotiating agreements with Algeria. For the Algeria of Colonel Houari Boumedienne is set on an inflexible course to transform itself into an integrated industrial power by the middle of the 1980s within a *framework of the most rigid* form of socialism. At the end of last month, in fact, the country adopted a new National Charter that reaffirmed the Government's decision to pursue what it calls "an irreversible *socialist choice.*"

From the beginning, when he took power 11 years ago, President Boumedienne embarked on a policy of nationalisation and industrial reconstruction with the object of making the country economically self-reliant. Today, following the nationalisation of most agrarian and industrial sectors—including the important hydrocarbon industry that provides at present over 90 per cent. of the country's foreign earnings—there are few signs that Algeria intends to revert to a mixed State-private *economy.*

"We are committed to a tough policy of reconstruction and we are attempting to do *what most industrialised nations* did in 200 years," an economic counsellor of the State Secretariat for Planning explained. "We cannot compromise and we cannot be dictated by the interests of foreign companies. If they want to work with us, they must comply with our requirements."

This intransigent view is expressed at *most official levels.* It has meant that Algeria, which depends on foreign technology and technicians to push ahead *its industrialisation programme,* now negotiates practically exclusively on a contractual basis. It has even devised its own peculiar formula to replace the conventional turnkey contract. Known as a "contract produit en main," it calls upon the foreign contractor not only to build a plant, but to provide the necessary number of technicians to train Algerian workers during the running-in period and to supply additional credit if required. Consequently it is an expensive formula, and as a result the country is increasingly insisting on the provision of performance bonds.

Earlier this year, Nippon Steel of Japan agreed to provide technical assistance to the State-owned El Hadjar steel complex near Annaba, and another Japanese concern, Sekisui Chemical Company, signed a *contract to provide assistance to* the State hydrocarbon company, Sonatrach. Under the agreement, Sonatrach engineers will be trained in Japan.

There have been other similar agreements this year. The Soviet *Union is to build an aluminium* plant at M'Sila, south-east of Algiers, which is expected to produce 140,000 tonnes of aluminium a year when it becomes operational in 1982. The Russians will provide technical assistance, training and have extended a loan of more than $240m. towards the financing of the projects. In May, a West German consortium led by Famatex, a subsidiary of Deutsche Babcock, undertook to build a textile complex near Bejaia and train 96 Algerians in Germany.

*Algeria's policy of diversifica*tion and the trend to establish heavy industries in remote and impoverished areas so as to achieve a degree of regional balance has greatly added to the cost of the country's industrial revolution. It presupposes an ambitious programme of new infrastructure, the development of education and training facilities, and on the part of the outside contractor the added hardship of working in unfamiliar and often below standard conditions.

Neglected

"We are aware of the problems," a Government official said. He admitted that as a re*sult of the country's present* policy of devoting 40 per cent. of Gross Domestic Product to industrial development, many sectors have been neglected—notably housing. But the country, he added, was gambling on its vast gas reserves, estimated by the World Bank at around 3,000 bn. cubic metres. "Algeria is a relatively small oil producer and our oil will run out one day. Only by exploiting our gas resources can we achieve our target."

But the *gas programme* is already running about 18 months behind schedule. Algeria has therefore had to borrow heavily and has had to come round, reluctantly, to accepting cost-plus and turnkey contracts for hydrocarbon projects. As one diplomatic source in Algiers put it, "the Government knows that it must complete the development of its gas industry quickly. It knows that if it fails to meet the deadline of 1980 its whole programme of industrialisation will be threatened. It is therefore having to make concessions."

Algeria is committed to a huge gas investment programme. Next year, perhaps earlier, the two new LNG plants at Arzew—contracted to Pullman - Kellogg and Foster Wheeler respectively—will be started. Other projects include three new fertiliser units; a tyre manufacturing factory at Bouira; a steam cracking unit at Skikda; the extension of the Skikda plastics plant; a new *refinery at In Amenas; the* extension of the Algiers and Arzew refineries; the start-up of the Algeria-Italy gas pipeline: and a *third 42-inch pipeline* from Hassi R'Mel, in the Sahara, to Arzew. In May a West European group led by Sofregaz of France won a contract to undertake technical studies for the proposed $2bn. gas pipeline between Algeria and France via Spain.

In spite of growing fears that the country may become insolvent as a result of its *rising* foreign debt, Algeria has pressed ahead with a number of other industrial ventures. These *include the truck and bus plant* at Rouiba, in the Algiers industrial zone, and the tractor and engine factory at Constantine, in the east. There are also plans to expand the steel plant at El Hadjar, and the Government is to improve Algerian port facilities and build a new harbour near Arzew. It is investing in several major projects in an attempt to improve the chronic state of Algeria's agricultural sector. It plans to build more "socialist villages" in rural regions and complete a massive afforestation scheme called *"le barrage vert."*

And although most public sector industries are at present running at between 30 and 60 per cent. of full capacity—at the El Hadjar steel complex, for example, output is only about 700,000 tonnes annually, whereas to become viable production should be at least 2m. tonnes a year—the Government is still hoping that these industries will soon become self supporting. Eventually, it hopes these industries will take over from oil and gas in providing much of the finance for Government expenditure. But at present, according to many observers in Algiers, this looks like a very long-term prospect. And it seems unlikely that Algeria will meet its deadline of 1985—the 20th anniversary of President Boumedienne's regime—when the country hopes to become "the Japan of the Arab world."

Paul Betts

MIDDLE EAST CONSTRUCTION XV

OMAN

Government cuts back

RE IS rarely any visible ence either to confirm or e the accuracy of statistics, n Oman the fact that construction takes second place only l in the gross domestic procomes as little surprise.

though no major develop- projects have been ited since the Government back on spending following h flow crisis in 1974, it is ssible to move around the at area without being essed by the rate at which ings and roads still seem ppear from nowhere in a er of weeks.

wever, because of sharp ases in the price of oil and er production, construc- share of the country's has dwindled from 16 per in 1972 to an estimated 9 cent. in 1975 and will ably fall even further this

cording to Qais Zawawi, ty chairman of the Develop- Council and Minister of for Foreign Affairs, the rnment is expected to d contracts worth a total of to 30m. Omani rials n.-£50m.) during the nt 12 months, a modest sum ared with 1974 when pro- costing over RO200m. commissioned, to be ed out over approximately nd-a-half years.

rastructure

e main development drive Sultan Qaboos took power 70 has been to establish an structure, which was then st non-existent. But the raints imposed in the ern region of Dhofar by ebel war, until it virtually d last December, meant the Muscat area in the has been the prime bene- y of the development funds e Government's disposal.

though plans are to switch emphasis away from infra- ture to income-generating ects, to reduce Oman's de- lence on oil for 90 per cent. s revenue, these will have e noticeable effect for sev- years, as many schemes e so far either not progressed beyond the drawing board or have been shelved. And there is little prospect for most of them to go much further in the near future. Some of the loans received by the Government in 1974 and 1975 have still to be repaid, and the economy, at least in the short-term, will grow more slowly, albeit more healthily, due to the current policy of financing new public enterprises only from revenue, aid and soft loans from Arab development funds.

Meanwhile, Qais Zawawi expects only a small proportion of this year's development budget of around RO155m. to be allocated either to Dhofar or to income earning schemes, while the majority will be concentrated on infrastructural projects already under way.

It was not until recently that the cutback in Government spending really started to catch up with the construction industry. During the boom period of 1974 and early last year, when contracts were awarded at breakneck speed, firms geared up to meet what they foresaw as continuing rapid development. And as the rate of public expenditure is reflected in the private sector as long as a year to 18 months later, business remained relatively buoyant until the beginning of this year. But now that the private sector is apparently feeling the squeeze, some contractors are left with more staff and equipment than is justified by the volume of work on their books.

As the summer months are traditionally a time of almost complete lull, most companies seem prepared to underwrite their full presence in Oman for another six months or so. This is partly in anticipation of the usual spate of contracts after Ramadan in the autumn, despite their expected limited size, but more importantly the industry is awaiting publication both of this year's budget and of the Five Year Development Plan for 1976-80, due out shortly.

One encouraging sign is that of overall construction expenditure this year, the private sector could well account for its largest ever share. Unofficial estimates put private spending at around a third of the total, although it is thought unlikely to accelerate further for another four to five years until the Government is in a position to inject more money into the economy.

Tendency

Among the effects of this shift has been a growing tendency for foreign contratcors to set up locally registered companies on a joint venture basis with Omani nationals. The law stipulates that firms working on Government contracts may operate with an Omani agent, whereas if commissioned by the private sector, they must first form a partnership. In this case, the Omani stake must be at least 35 per cent. for a straightforward contracting firm and 51 per cent. if the operation is to include property development. At present there are around half a dozen joint venture contractors registered with the Ministry of Commerce and Industry, of which the two oldest established are Taylor Woodrow-Towell and Yahya Costain.

As there is so far no official index of building costs—the country's statistical machinery is also in the process of development—the industry has to rely on a price index of imported materials and wage rates to arrive at an assessment. And this has to take account of corporation tax on a sliding scale up to 50 per cent. and a training levy of 5 per cent. of the payroll. Though the price of some materials fell sharply in 1974 and continued to decline more slowly in 1975, one private source believes overall construction costs on housing went up by around RO30 (£50) a square metre last year, stabilising at between RO125 and RO175 (£200-290) for the majority of residential projects.

Recent figures show that wages in the industry went up by 15 per cent. between March 1974 and 1976, while the price of timber and steel bars decreased by around 15 and 40 per cent. and cement rose by only 6 per cent. over the same period. Apart from sand and aggregate, Oman is totally dependent on foreign materials, which come mainly from Western Europe, India, Pakistan, Singapore and Malaysia and of which timber, steel and cement represent around 40 per cent. of recorded landings.

Looked at in isolation, the increase in the value of imports from 1974 to last year of these three commodities strongly underlines the optimism felt by the construction industry. Cement went up from RO4.3m. to RO7.4m., steel bars from RO2.9m. to RO5.1m. and timber from RO2.3m. to RO5.1m. But the fall in prices suggests that the law of supply and demand inevitably had a part to play, and presumably there are still ample stocks in the country.

Total construction costs are usually worked out on the basis of 40 per cent. to wages and plant and 60 per cent. to materials, although this can vary substantially on different types of project, and one contractor estimates the labour element is as high as 78 per cent. on buildings.

This inevitably has an effect on Oman's balance of payments, as the industry relies for the bulk of its workforce on expatriates, mostly from the Indian sub-Continent for the basic grades and from Europe and the United States for the managerial staff. The major reason is that, because education in Oman is only five years old, there is a restricted number of nationals to be recruited. However, the balance should change over the next few years, at least for the skilled and semi-skilled jobs, as a result of the growing emphasis on training.

The most recently published figures state that the construction industry in December, 1974 accounted for 87 per cent. of the expatriates and 67 per cent. of the Omanis employed in the private sector, apart from agriculture and fisheries. On the same comparison 36 per cent. of the Omanis were labourers and only 22 per cent. skilled and semi-skilled technicians, while 71 per cent. of the expatriates were employed as technicians.

The proportions may have altered last year as private enterprise took on only 5,000 more nationals, against 25,000 more expatriates, bringing the total foreign labour force in this sector to around 65,000 and Omanis to 30,000.

One of the few industrial schemes appearing certain to receive the go-ahead in the immediate future is a 51 per cent. Government-owned cement factory, which with a capacity of 350,000 tons a year will make Oman the largest producer in the Gulf area. As well as having an impact on the cost of construction materials, the plant will give the country a projected surplus of cement over domestic requirements until 1980, as imports peaked last year at 300,000 tons. The site for the factory is at Qurum, west of Muscat, and the RO20m. plus contract for construction is expected to go out to tender before the end of the year.

Ruling

Until last December, there was no ruling on whether contracts should be awarded by negotiation or should first be offered to tender—the industry functioned on a combination of the two. Then a board was set up under a Royal decree to be responsible for the tender of all Government projects worth over RO15m., apart from those instigated by the Ministry of Defence. For the remainder, the under-secretary or departmental director of the relevant ministry is empowered to appoint the contractor for work costing under RO5m., while the ministry concerned can form a committee under the chairmanship of its minister to invite and open tenders for projects valued at between RO5m. and RO15m.

The rate at which development and therefore construction will take place from now on depends probably more on the amount of soft loans obtained from Arab development funds than any other single factor. There are numerous road, communications, electrification, water, housing, medical and education schemes either underway or at the planning stage, but some may have to be shelved temporarily due to lack of finance. An example is in the politically and economically important Dhofar region, where the Government currently has a centre under construction at Saleem between Salalah and Thamarit. This is designed to provide a nucleus for local development and will comprise an administrative office, a water well, an electricity generator, school, mosque, shop, clinic and housing. According to Qais Zawawi, the intention is to build five more of a similar size in the area and 12 smaller ones, but so far insufficient funds have been forthcoming.

There is little doubt that the structure of the construction industry, like most other sectors in Oman, will alter dramatically over the next few years. Equally certain is that contractors who are able to maintain their investment in labour and plant while the economic balance is restored and the budget deficit wiped out, will be in a strong competitive position when development again gathers momentum. The crucial question is the time scale on which this is likely to happen.

Barbara Casassus

QATAR

Spending is cautious

FIRST six months of 1976 not been exciting ones for n contracting companies eting for projects in . However, British com- s did manage to clinch two cant awards. John Howard its Qatari partnership rd Alattiyah recently won m. contract for work on tension of the Qatar Fer- Company's plant at Umm and at the beginning of ear Weir Westgarth won er order for desalination

QATAR'S SPENDING PLANS

Category	1975 $m.	1976 $m.	Increase %
Industrialisation	85	363	327
Public services	146	208	42
Economic services	109	258	136
Social and cultural	67	88	31
Other	35	42	20
Total planned expenditure	442	959	117
Total estimated income	1,700	2,000	18

view of the increase in diture from $442m. in 1975 0m. in 1976, the lack of ontract awards must have disappointing for the con- on industry. As much as ng, the lack of new con- awards reflects the com- ve slowness of decision- g in the State because of entralised administration conservative attitude to ing. Qataris not only like value for money, but for industrial projects they to be assured of profit- and usually a foreign er too.

at emphasis was placed on country's planned indus- ation programme in the budget; it accounted for third of the total alloca- compared with a fifth in revious year. Public ser- —the provision of public g, water, electricity and infrastructure require- —was demoted from over a quarter of the 1975 t to barely a fifth this The second major priority covered by the general g "economic services." allocation for transport Qatar's main port and air- re inadequate for its pre- needs), light industry, unications and agriculture ncreased by 136 per cent.

ar's industrialisation pro- ne offers a mixed bag of tunities. It is however d of getting the major of the work involved in ding the Qatar Fertiliser ny's plant. It has been ted that the major share li the projects to be led will go to British anies, which will have t Credit Guarantee Department backing for suppliers' credits. The principal consultant to the project is Sir Alexander Gibb and Partners, which in itself might appear to give ground for optimism to British contractors. However, U.K. consultants are as well known for their independence as Qataris are for shopping around to obtain the best buy.

The largest item in the development budget allocation for industrialisation, is the $70m. earmarked for the $300m. ore reduction and steel plant. Kobe Steel of Japan is the main consultant, although Sir Alexander Gibb is looking after certain parts of the project. The most recent award under that total contract has been for the civil work, valued at around $17m. which has gone to the Japanese company Tasei.

Petrochemical

Leaving aside those numerous projects by Qatar's Industrial Development Technical Office which have not yet been put out to consultants or have not been given a value, the largest of the industrial projects is the petrochemical complex, valued at around $500m. But the construction of this massive processing plant is likely to have a decidedly French orientation. Two years ago a Franco-Qatari company was set up with Qatar Petroleum as one partner and CDF Chimie and Gazocean as the other to undertake the project. The French influence, the British consultants and contractors note, is quite strong in Qatar currently, following a highly successful trip to Paris last October by the Ruler, Shaikh Khalifa al Thani.

On the infrastructure side the major projects in which international contractors would be interested are largely over (for the moment) as far as road building is concerned. The network of major highways in Qatar is virtually completed and work on the minor roads, linking villages into the main transport system, tends to be done by local contracting companies.

However, large contracts for the extension, or complete rebuilding, of Doha International Airport are on the immediate horizon and so are contracts for the port. With port and airport desperately inadequate for Qatar's present booming economy (waiting time for ships at Doha is now around 100 days) plans for the expansion of both are presently under study. Gibb Petermuller, is the Anglo-Greek consultancy charged with designing a possible new Doha International Airport. Rendel, Palmer and Tritton has charge of plans for expansion of the sea port. In the meantime, a Dutch company has been awarded an contract for an emergency increase in Doha's capacity. It has also, in conjunction with a French concern, won a contract at the industrial port of Umm Said.

As for telecommunications, Britain's Cable and Wireless is well established as a consultant, but once again this has not meant as many favours to U.K. companies. The recently completed earth station was built and equipped by a Japanese company. The Qataris have found Japanese telecommunications prices much to their liking recently. The two-stage extension to the main telephone exchange was undertaken by Hitachi, while the civil works have been carried out by local contractors.

The local contractors in Qatar have grown rapidly to match up to the developing country's construction needs. Observers now reckon that the major local contractors are capable of handling projects up to $20m. in value. Many of them have imported foreign contracting management, with Lebanese expatriates prominent. Greeks and Britons are also much in evidence.

There is an active official policy to encourage the growth of locally owned construction capacity, and most of the housing programmes are allocated to Qatari contractors in small lots. Private housing development, quite an active field at present, is also mostly constructed by the local companies. It is interesting to observe that while there is much talk of the use of prefabricated housing systems, no Government contract has yet specified such a method. The private sector is known to be interested in them.

Plans

Although the start of 1976 has been slow in the award of contracts, Qatar is pregnant with projects and plans. However much decisions may be centralised and made at what by Gulf standards is a comparatively slow pace, the fact is that Qatar does go ahead with projects and, just as important, can afford to do so. Money, certainly, is no constraint: oil income for this year has been estimated at a possible $2bn., set against a budgeted expenditure of under $1bn.

This surplus notwithstanding, Qatar is determined to press ahead with its policy of diversification.

It is not an easy market for consultants and contractors of any nationality—one $160m. project for electricity generation and desalination counts seven nationalities among the nine contractors. For their part, British companies can in no way assume a privileged position which they once seemed to have but which now is only reflected in the predominance of U.K. consultants.

Doina Thomas

UNITED ARAB EMIRATES

The boom continues

THE United Arab Emirates is a country barely five years old with a population of only 650,000 people, yet this collection of seven sheikhdoms has become Britain's largest Arab market. *British imports into* Dubai alone are running neck and neck with Saudi Arabia, and of the U.K.'s £198m. exports to the country last year, about 85 per cent. were destined in some way for the booming construction industry.

To the visitor, the country looks like one giant construction site, with entire streets springing up over periods of months and multi-million pound projects underway, financed by the massive development budgets. This year the Abu Dhabi budget totals £2.6bn., of which £724m. is to be spent on development within the Emirate. Dubai, a city of just over 220,000 people, is currently spending £1.56bn. on major projects, and the federal budget has almost doubled this year to £535m. Not surprisingly such sums have attracted the world's largest contractors, and the competitive pace is hotting up.

British contractors have traditionally done well in the UAE, for past historical links encouraged British companies to come to the region even before the federation was formed. Costain arrived in the 1960s and began work on a very minor development to turn a beach into a four berth harbour. Now together with Taylor Woodrow it is handling £282m. of work extending the now huge Port Rashid by a further 22 berths and building the world's largest dry dock in Dubai. George Wimpey has gone into a highly successful joint venture with Al Futtaim, and Bernard Sunley is busily engaged in £80m. of construction, of which the £56m. trade centre is the largest. In Jebel Ali, *a desert area which is* earmarked to be Dubai's future industrial city. British contractors and developers have captured £312m. worth of contracts so far, yet other large projects such as a £200m. deep-*water port are in the pipeline.*

So at first glance, the UAE looks like the Arabian oyster for British contractors. But aside from these huge contracts won by the UAE's earliest arrivals, the picture does not look so bright. Government officials in Abu Dhabi, Dubai and Sharjah all echo the same comment, *that British contractors are getting little of the* coming action merely because they are not tendering.

Commercial sources in Abu Dhabi speculate that in the past British contractors may have perhaps avoided the country's capital because of the high expense of setting up representation in the country, the bureaucracy, the tendency of the client to accept the lowest bids and what they delicately refer to as the "B-problem"—the baksheesh factor.

Quality

"Many came and saw the process of securing contracts and were not willing to sacrifice quality in order to forward lower bids, and gave up and simply left," said one observer. Since then, Abu Dhabi has considerably improved on the latter problem and recently Sheikh Zayed pledged a war against corruption in the Government's dealings with companies. This followed the trial and subsequent imprisonment of two government officials and a number of contractors and consultants.

Yet the problem of price versus quality still remains. As one official put it, the British are offering a Rolls Royce product when it is not really needed. The result is that the U.K. contractors are pricing themselves out of the multi-million pound contracts, and the orders are scooped up by local contractors, Arab, Lebanese or *European companies willing to* take a chance on the first contract in order to prove performance.

It is a real dilemma for British companies, who may have to choose between a lowering *of standards and securing* work, or an expensive wait while the client is educated to the benefits of quality. There are indications that some clients and government departments are beginning to realise such a need and Costain recently won a £19m. order for two seven-storey buildings for the UAE Currency Board.

But in general the trend to accept the lowest bid is prevalent, and in one recent contract in Dubai, the British contractor's price was almost double the bid which was eventually accepted. In the meantime, low building standards remain the butt of local newspaper cartoonists and complaints by concerned citizens. The most recent embarrassing example was a palace for Sheikh Zayed in Abu Dhabi. After bits of the ceiling started falling in, a British consultant was called in to inspect the building, and his resulting *report advised an immediate* evacuation of the palace.

Yet British contractors are not entirely without blame. Some have tried to recoup their costs of setting up offices in the UAE on their preliminary bids. Other local observers criticise them for not bidding for the more humble, smaller contracts in order to be seen to be doing good work and proving performance. But the costs of a UAE presence are very high. Halcrow, the largest consultants in the country, estimated that the price of setting up one executive in an office with a bare minimum of local staff, school fees and housing at over £72,000.

The massive projects currently under construction in Dubai for Sheikh Rashid by British contractors are the result of negotiated contracts, where the contractor puts together a package involving finance as well as construction. *Most of the work for Sheikh* Rashid has gone to very limited tender in this way, for Dubai's ruler has been quick to see the advantages of these negotiated contracts.

All of the Costain Taylor *Woodrow work has been* arranged and work started several months before the actual contract has been signed, thus saving time while deciding on tenders. The benefits of selected tenders and negotiated contracts have also been seized on by other Emirates such as Sharjah and Ras Al Khaimah where most of the work under *construction is being undertaken* by contractors with well known work and reputations in the UAE. Thus, these negotiated contracts can be tough to secure for the newcomer.

In Abu Dhabi the situation is different, as contracts for government departments and the fabulously wealthy municipalities in the country are put on the open market for international scramble. It is here that the British do not seem to be much in evidence. In Abu Dhabi, the largest project at the moment is the new airport which will cost in the region of 1 bn. dirhams in total, and not one serious tender was received from a British contractor for the largest sub-contract, the airport terminal. It is the same *picture in other local government* departments where European and local contractors have scooped up large contracts.

In Sharjah, which is currently witnessing a hotel development *boom, most of the construction* contracts have gone to local contractors, who more often than not employ English engineers. The new airport there is being done by a local contractor and an Indian company, the three hotels for Trust Houses Forte by a local group, and in Khor Fakkan on the east coast, a $50m. contract for a tourist housing development went to a Belgian company who have proved their expertise in other contracts.

Lists

Yet the problems involved in getting on these selective tender lists are obviously not insurmountable for British contractors. Tarmac International, a newcomer to the UAE, *managed recently to secure contracts* worth £16m. for road and drainage schemes in Sharjah and Ajman.

But getting known in the UAE and winning the first contract can be expensive. One British contractor who arrived at the beginning of this year has given himself 18 months to secure viable work, but in the mean*time he has four engineers in an* expensive office and living in high priced apartments. Getting an influential merchant to become a partner in a joint venture helps in gaining contracts, and as one British company has found, removes the need for miscellaneous payments.

Other problems concerned labour, of which there is a considerable shortage in the country, and one company in Abu Dhabi had been refused permission to import labour from the Asian countries. The Abu Dhabi authorities are encouraging more use of Arab labour, which costs about double the Indian or Pakistani rates, and it seems likely that this trend will grow in the future as the immigration authorities become concerned about the ethnic make-up of the country. However, permission is still available to import labourers from such places as South Korea.

Apart from the labour shortage, the UAE construction industry has remained relatively free of problems, except for a strike by Asian workers earlier *this year at the Costain-Taylor* Woodrow site in Dubai. That particular strike involved about 300 workers, but significantly only the ringleaders were shipped out, not the whole lot *as would have happened in previous* years. Large employers of labour now have to review their wage rates every six months, and in the last two years costs have gone up by *almost 50 per cent.*

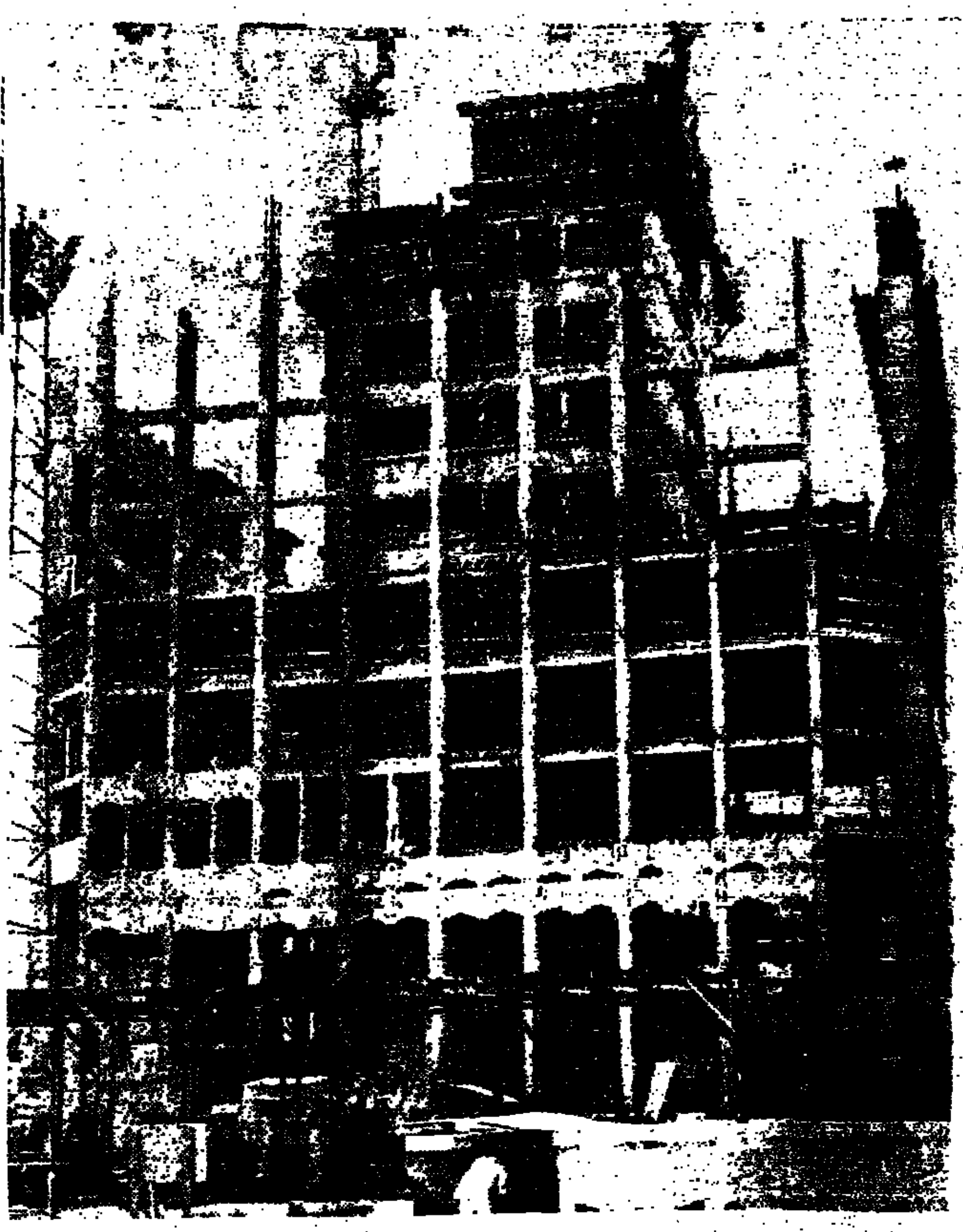
Shipping problems, though less acute than in other Gulf countries, are mounting, and cement cargoes now have a waiting period of up to 25 days in Dubai. Abu Dhabi is also suffering congestion with its *much smaller harbour.*

On raw materials, the situation in the UAE is considerably better than other Gulf countries, for Ras Al Khaimah is a source of much aggregate. Large *contractors such as* Costain-Taylor Woodrow and Al Futtaim Wimpey have created their own sources, and the latter has invested over £8m. in crushing and asphalt plants and work*shops, which in turn pays off* in terms of easier mobilisation. A number of local cement factories are shortly to come into operation, producing lower priced cement than is currently *imported, but so far not one* of these new factories plans to manufacture sulphate resistant cement, which is required in foundations. Nor will they be able to cope with the fantastic demand either. A considerable amount of steel is imported from the U.K. with British prices proving advantageous with the new rate of sterling, but Japan and other countries are proving hard to beat in price, too. Where Britain does well is in supplies for finished construction in such fields as pipes, plumbing, kitchenware and other manufactured goods, though here, too, it is facing more competition from European countries. The same applies to plant machinery and transport equipment.

One field where Britain does excel is in the consultancy field, and U.K. consultants are thick *on the ground, there being about* 27 operating in Abu Dhabi and over 30 in the northern Emirates. British consultants are known for standing up to the client more and advising government departments whe[re their] best interests lie, and a[re] irksome to some contra[ctors be]cause of their high st[andards]. However, even in this fi[eld they] are being undercut by A[rab con]sultants who have in [some cases] been known to accept f[ees as low] as 1 per cent. of the t[otal pro]ject value.

One perceptible tre[nd is a] shift in locations in the [develop]ment and construction [field]. The boom in Dubai [is] centred in the future [Jebel] Ali, the new industrial [city, and] Abu Dhabi will undout[btedly be] the source of major con[struction] contracts in the next f[ive years] or so. Furthermore, su[ch places] as Umm Al Qiwain an[d Ras Al] Khaimah, where hopes [of oil] come are running high, [should] witness construction [booms].

Kathleen Bi[...]



Construction work in progress on the Dubai International Trade Centre, a £ project which Bernard Sunley and Sons is currently carrying out.

Many misunderstandings and complexities—including 60 per cent. of area health authorities breaking the pay code—lie behind the junior hospital doctors' overtime pay dispute. **Donald Maclean** examines the situation ahead of to-day's BMA meeting.

Confused origins of doctors' dilemma

THE SPREADING reports of junior hospital doctors taking industrial action on the question of overtime pay represent the tip of a mass of unrest among doctors over many issues.

A meeting between doctors' leaders and the Prime Minister on Monday may have cooled the situation to some extent, but the progression of doctors towards active opposition to Government policies which has been developing since the re-organisation of the National Health Service in 1974 has not, basically, been halted.

In the foreground of the conflict between the Government and the doctors is pay—not only at the level of junior doctors (those below the rank of consultant), but also at consultant level.

In addition, there is concern among doctors over the way in which the National Health Service is developing, and over the expected way forward for private medical practice.

The essence of the NHS-private practice issue is that the Government is pressing through a Bill to separate the health service from private practice—although the doctors feel that when the NHS was set up in 1948, an overlap between the two was a condition of their acceptance.

There are other points at issue, but the one now biting most hard on the public is that of the junior doctors.

There is confusion among doctors and not only about the question of how the Government interprets the agreement on junior doctors' overtime pay, the basic settlement of which led in January to the suspension by the juniors of industrial action.

There is also confusion between the Department of Health and Social Security and the area health authorities—which are the employing bodies for doctors. While the Department regards the doctors' demands as a breach in the national pay policy, most of these authorities have already agreed to pay what the doctors are asking.

Also there is disagreement between the Government and the Hospital Juniors Staffs Committee of the British Medical Association over a moral principle.

Dr. David Wardle, chairman of the Junior Staffs Committee, has argued that the agreement on overtime pay which the committee believes was reached during Mrs. Barbara Castle's days as Secretary for Social Services, was anomalous under the terms of the pay policy, but that an agreement—whether in breach of the pay policy or not—should be honoured.

The Government has taken the line that it has struck no agreement outside the terms of the pay policy, and that the area health authorities should not accept the junior doctors' demand to be paid at their ordinary overtime rate during periods of annual or study leave.

It is the dispute on this point that is bringing hospitals in various parts of the country to, or close to, standstill at the moment.

The Government says that doctors are asking for payment for overtime on a basis which embodies "double-counting." It contends that this means that doctors are incorporating in their claim overtime they devote to covering the work of colleagues absent on annual or study leave, and that they expect this level of payment to continue during their own, individual, periods of leave.

While Mr. David Ennals, Secretary for Social Services, has said that such a system is a breach of pay policy, the situation has been complicated by the fact that about 60 per cent. of employing authorities have introduced contracts which meet the doctors' view of the overtime question.

Operating theatre in London (left): dispute might bring it to a standstill. Dr. David Wardle (right), chairman of the BMA Junior Staffs Committee.

The near-chaos is taken a stage further by a recent statement by Mr. Ennals that he accepted the claim made by the doctors in principle, and had "no objection to its implementation as soon as income policy permits."

But, he added, "incomes policy inevitably determines the timing of implementation of the agreement." The new form of contract for junior doctors was throughout its negotiation, he argues, subject to not producing more pay than the old contract would have done in the new circumstances.

The new contract, he maintains, has meant an extra £800 a year on average for the juniors. "There is no way in which a further addition to the junior doctors' salary bill, beyond the £6 a week available"—under the first phase of the pay policy, and already awarded to the junior doctors—could be brought within the current phase of the policy.

Mr. Ennals has made it clear that where employing authorities have struck agreements based on the year-round overtime payment the junior doctors are seeking, there will be no breaking of the contract. But he has also said that renewals of such contracts as they expire must conform to the pay policy. This is particularly important since many junior contracts are for six months or a year only. At the house officer level six-month contracts are particularly common.

This means that many doctors face the imminent prospect of accepting a new contract that gives them not the increase they feel they should have, but a cut in salary.

The fact that so many employing authorities have introduced the year-round overtime concept—while 40 per cent. have not—illustrates the underlying confusion that currently bedevils the hospital situation.

The amounts of money involved are not small. What the year-round idea means to individual doctors varies, but the BMA's Hospital Junior Staffs Committee has estimated that it means an average of some £500 a year.

But meanwhile there is a further complexity, arising at doctor level. This is that the Junior Hospital Doctors' Association (JHDA)—a breakaway, and often militant group—has taken a relatively pacifist line in the current dispute. The Association, which represent some 5,000 of the country's 19,000 junior hospital doctors—against the Hospital Junior Staffs' Committee of the BMA representing 11,000—has asked its members not to take industrial action.

It takes the view that if the agreement reached early this year was in breach of the pay policy it should not be implemented because the agreement was intended to be within the pay policy.

Here the picture broadens. Although the JHDA is a registered trade union, it does not have negotiating rights with the Government, which recognises only the BMA.

The JHDA, like its counterpart the Hospital Consultants and Specialists' Association (a breakaway group at senior level) is seeking these rights. There may not be open warfare between the juniors within the BMA and the juniors in the breakaway group—but their relationship is hardly friendly.

These divisions between doctors at organisational level are also reflected in the differences between doctors at individual and hospital level.

Doctors at a midlands hospital have decided to work 0normally "in the patients' interest." Such a statement conflicts with the action being taken at an increasing number of hospitals around the country in support of the year-round overtime claim—action which includes in places working a basic 40-hour week (operated flexibly so as to maintain emergency cover), in some others the covering of emergency cases only and in others the calling of 24-hour stoppages.

While the junior doctors' issue is now affecting the public through a lengthening of waiting lists for non-emergency surgery, and in cancellation of hospital appointments, there is, also, a threat that doctors will take industrial action in a broader field.

Consultants, like the juniors, are unsettled by the way they are affected by the incomes policy. They feel, for instance, that while younger consultants have been prepared to "give a year for Britain" by losing a contractual increment in salary, such a loss should not be allowed to affect income levels in the future.

Pay apart, there are various issues about which the BMA is aggrieved. These include the re-organisation of the General Medical Council, and representation on the Royal Commission to examine the NHS which has already started work under the chairmanship of Sir Alec Merrison.

An issue which particularly incenses doctors, however, is the Government decision to apply the "guillotine" procedure to the Health Services Bill, which covers the separation of private practice from NHS and official control of private medical developments. They had hoped for more time to influence the structure of the Bill.

This controversy covers other matters. There can be no doubt of the general dedication doctors have to an efficient National Health Service.

But at the same time, the question of pay is prominent in doctors' objections to the Bill.

Private practice was once a carrot, doctors will tell you, that was dangled before the junior doctor. For the operation of private practice to be made more difficult by legislation which removes private beds from Health Service hospitals diminishes the financial incentive to stay in the NHS or even in the U.K. The opposition by doctors to the Bill is thus one which, as Dr. Elston Grey-Turner, secretary of the BMA, said recently, will be "carried on to the bitter end."

What is to be hoped from the point of the NHS patient is that doctors generally will not take the advice of one doctor "fed up with having the ethics of servicing the patient kicked in his teeth." It was this doctor who advised his colleagues at the recent BMA conference to "fight dirty," to the point if necessary of destroying the National Health Service.

Letters to the Editor

Department of Trade inspectors

From Lord Shawcross.

Sir,—Although I am very strongly in favour of a system of inspection under the Companies Acts and during my short presidency of the Board of Trade did what I could to encourage its activity, I am bound to agree with the criticisms recently made by the Chairman of the Stock Exchange and by Mr. R. Instone in your issue of July 26. Writing in a purely personal capacity as in the whole of this letter I do, there are a number of problems which require study.

There are now—and rightly so—a much larger number of enquiries than hitherto and most of them are exceedingly time absorbing. This makes it increasingly difficult to secure suitable persons to appoint as inspectors. Not every lawyer is qualified to enquire efficiently into commercial and company matters—any more than, say, a gynaecological surgeon would be qualified to operate on my slipped disc. Silks with busy commercial practices, however, find it difficult to afford the time to take on inspectorships and the Department may find it difficult to avoid recruiting those who are not so busy and/or whose expertise, if any, lies in irrelevant fields. There is a tendency to prefer the appointment of Silks to Juniors—they sound more important—but this is a misconception nowadays. There are many Juniors with suitable commercial experience who would be better able to conduct these enquiries than many Silks. And although I am strongly in favour of the maintenance of the division between barristers and solicitors in the legal profession, I see no reason why solicitors experienced in the company and commercial field should not be qualified to act. But I fear—and I regret it—that it may be necessary to go further and create an independent Inspectorate Board with similar powers, and possibly even to follow the Inland Revenue practice to which I refer later.

Terms of reference of enquiries are often needlessly wide — for example whether throughout the life of a company shareholders have received all the information that they might reasonably expect. Every effort should be made to narrow the remit to essential points. This was done in the enquiry into the sale by Sir Denys Lowson and his family of shares in the National Group of Unit Trusts and the practice should be more widely followed.

Proceedings are often intolerably dilatory, a fact arising as much from the inability of inspectors of competent qualification to devote themselves continuously day by day to their inquiry as to the complexity of the matters inquired into. Sometimes these inspectors' reports, whether interim or final, recommend action under the criminal law. Then police inquiries occupy still further time going over the same ground until when the matter comes to court, if it ever does, it has become hopelessly stale. I have repeatedly said that as soon as an inspector has reasonable cause to think there may be breaches of the criminal law, police should be brought into conduct their investigation concurrently and in co-operation with the inspectorate. It might be even better if the Department of Trade would follow the practice of the Inland Revenue and conduct themselves the investigations and prosecutions.

Inspectors should regard it as a matter of professional integrity to keep within their terms of reference. They are appointed to report upon the affairs of a particular company or companies, usually within stated periods of time, and are not entitled to use the occasion in order to ventilate subjective value judgments on individuals, still less on the private enterprise system and its institutions. Incidentally, publicly owned industry should enjoy no special immunity from inspection.

Where an inspector receives evidence which *prima facie* justifies criticism of another party, that party should be fully informed and entitled, if he so wishes, to legal representation and to cross-examine the hostile witness. Inspectors should restrict their inquiries to oral and documentary material which the law entitles them to see and of which a Court will, if necessary, order production. It may be that further legal powers should be given. That is for Parliament. Meanwhile, some inspectors, dressed in their little brief authority, are tempted to bluff and try to get at matters into which they are not entitled to inquire. There should be a system of appeal to some form of commercial court. Inspectors, even the good ones, would not be human if they, like judges, did not sometimes make mistakes. It is intolerable that they should be able to damn an individual for life without any opportunity of appeal.

Having said all this, however, I must reiterate that the growing multiplicity of small companies, often with minimal capital and under the control of one or two individuals of sometimes doubtful probity but enjoying the limited liability which the company law provides, necessitates a strong system of inspection and also a strengthening of the Companies Acts generally. The Department which (with one or two exceptions due to Ministerial intervention) has kept these investigations outside politics—and has, on the whole, operated the system as well as the available machinery allows. It should be given every encouragement now to improve both the efficiency and the manifest justice of the system itself.

Shawcross.
House of Lords, S.W.1.

Limits for rent rises

From Mr. A. Chun.

Sir,—So many points arise following the letter on rent rises from Mr. A. Weitzman (July 22) but I will content myself by commenting on two.

He has been less than frank in omitting to mention the phasing provisions. The £350 increase in his rent will be spread over three annual instalments so that he will not be paying a rent—said to be "fair" in 1976—until two years time, in 1978. One can imagine the reply of a militant union when told that although a "fair" wage for its members is £X in 1976, they will not be getting it until 1978. But that is what the law says to landlords.

Lord Goodman, one of the architects of the "fair rent" system, is disenchanted with it. In the recent report of the Housing Corporation, he said that a "fair" rent was now a long way removed from the rent needed if the cost of providing the home was to be met from it. He went on "Advantage has been taken of this formula to a point which leaves the original purpose and meaning miles behind." Paradoxically tenants suffer from low rents. Low rents mean a low standard of repair and maintenance and the tenant finds the house or flat in which he makes his home, deteriorating year by year.

These facts are very much in my mind as I have just returned from a rent assessment committee hearing where I was able to show that the return to trustees of a house worth £10,000 with vacant possession had been one-half per cent. per annum over the last five years.

Alan D. Chun.
38, Portsmouth Road,
Woolston, Southampton.

Design and industry

From Mr. B. Wilkins.

Sir,—From the succinct specification of both a design and a designer it should be apparent that Mr. F. H. Towler's veil of modesty (July 22) conceals an engineer whose designs over fifty years are still contributing to our balance of payments. His views that an integrated design needs an integrated designer, and that there are aesthetic values in correctly meeting function, cannot be over-emphasised. But it is important to recognise functional needs for what they are.

Vanbrugh's Mausoleum at Castle Howard can only be compared, in design terms, with the paupers' burial ground, by recognising the relative need for personal identification by the user. It would be a luxury indeed for a buyer of engineering equipment to indulge his need for personal identification. Engineering products are purchased by profit-orientated users, whose aesthetic senses have been developed by balance sheet and budget.

It follows that the stables in which engineering designers are bred lie very close to the market place. And if there are any laws of engineering design, they include "caveat emptor," "the goods shall be fit for the purpose intended," and "the machine shall make more profit for the buyer than for the seller."

B. C. Wilkins.
Power Management Associates,
Henshaw Farm,
Todmorden, Lancs.

Unconsidered views

From Mr. F. Stark

Sir,—Why do so many correspondents attempt to sidetrack us with unconvincing and barely relevant argument? In this case Sir Ronald Radford (July 23) with his statement that Custom and Excise has been in regular contact with the professional accountancy bodies on matters of common interest. Common interests of whom? These bodies also have the vested interest of keeping tax matters intricate, work-loaded and expensive to operate.

The only people whose vested interest it is to make VAT simpler and less expensive are the traders who operate it and the consumers who ultimately pay it. Neither group gets much consideration in the decisions taken by the controlling authorities.

F. Stark.
Highlands, 176, Southend Road,
Wickford, Essex.

Price Code reference levels

From Mr. P. Woodworth.

Sir,—The recently published "Consultative Document" on the Price Code states (Page 17 Ref. Paragraph 83A) "Since reference levels are expressed in terms of a percentage on turnover, the effect of a merger is neutral as compared with the profit potential of the two firms if they had continued as separate enterprises and no change in the general rule is proposed." Regrettably that statement does not accurately reflect the practical effect of the Price Commission requirements relating to adjustment of the net profit margin reference level of an enterprise after acquisition of a new member company.

The reference level has been calculated by reference to an enterprise's best two of the last five years of account ending not later than April 30, 1973. If a new member company is acquired, the Price Commission insists, if it is to be consolidated into the enterprise, that the sales and net profits for the existing enterprise and the acquired company are aggregated and a new reference level is established by reference to the consolidated figures. Consider the following example:—

	1968 £000	1969 £000	1970 £000	1971 £000	1972 £000
		Year ended December 31			
Existing enterprise					
Sales	900	1,000	1,400	1,600	1,800
Net profit	135	150	196	224	252
Net profit margin (%)	15	15	14	14	14
Acquired member company					
Sales	100	125	150	175	200
Net profit	6	10	18	21	24
Net profit margin (%)	6	8	12	12	12
Total					
Sales	1,000	1,125	1,550	1,775	2,000
Net profit	141	160	214	245	276
Net profit margin (%)	14.10	14.22	13.81	13.80	13.80

The years 1968-1969 remain the base for computation with the effect that the reference level of the acquired member company, as a constituent of the enlarged enterprise, will become 7 per cent. (simple average of the two years 1968-1969) whereas as a separate company its reference level would be 12 per cent. Consequently, assuming the existing enterprise is operating close to its own reference level, the post-acquisition profits of the acquired company will have to be subsequently reduced if the enlarged enterprise is not to run into an "excess" profits situation.

Provided the Price Code criteria can be satisfied, the acquired company could be dealt with as a separate enterprise under the terms of Paragraph 67. Large companies' acquisitions, however, are often small companies which they wish to integrate into existing operations to obtain the full benefits from improved efficiency in the post acquisition period and in such circumstances the Paragraph 67 criteria cannot be satisfied without suffering operating disadvantages.

In my opinion the operation of the "general rule" should permit the calculation of the reference level by aggregation of the sales/net profits of the two best years of both the existing enterprise and the acquired company. This would then ensure that the post-acquisition effect would be in accordance with the stated "general rule."

The above example suggests that either the Price Commission: (a) does not fully appreciate the effect of its regulations, or (b) is aware that its operation of the stated "general rule" is having a constraining effect on acquisitions but is not prepared to equitably apply it because it feels large companies would actively seek acquisitions which have higher reference levels than their current net profit margin levels, thus providing the large company with an opportunity to deal with any "excess" profits by favourable adjustment of its reference level.

It appears to be just another of the many examples which exist of Government interference distorting market forces and which, in the case quoted above, would result in the acquisition not being justifiable in relation to post-acquisition cash flows.

P. G. Woodworth.
Westward Ho, Calver Road,
Baslow, Bakewell, Derby.

National Party attitudes

From the Deputy Chairman
National Party of the U.K.

Sir,—The National Party of the United Kingdom is anti-fascist and contrary to the idle speculation of your writer J. Rogaly (July 20) has neither the intention nor the desire to join up with the fascist "National Front" remnant.

In the six months of its existence the National Party has won two council seats in Blackburn. Just this month our candidates scored higher votes than the Conservative in Deptford and the Liberal in Croydon. In both wards we beat the National Front. In Deptford we gained 26 per cent. of the vote. Yet Rogaly says of us "if that splinter party withers away . . ." Members of the National Party now make a special point of using feature articles like that, when canvassing. We are able to show how international capitalism and international communism work together to undermine national identity and independence. We make our opponents' bias work for us.

The National Party is eagerly awaiting the great "multi-thousand pound" Labour Party "anti-racialism" jamboree in September and the capitalist Press reaction to it. It should do us a power of good.

Michael Lobb.
National Party of the United Kingdom,
310 Whitehorse Road,
Croydon, Surrey.

Money for mortgages

From The Secretary General,
The Building Societies Association.

Sir,—Could I make two points on the letter from Mr. C. Fry (July 26)?

Mortgage advances are currently running at record levels but so also are mortgage commitments (£569m. in June). These will emerge as advances in the autumn. Currently, any difficulty in obtaining home-loans comes from the intensive demand for them, not from a curtailment of funds.

There is no truth in Mr. Fry's statement "that the Government has indicated to the large building societies that it would be extremely unhappy to see lending continuing at anything like the present rate." The Government encouraged societies to build up their liquidity when funds were plentiful so that lending could continue a-pace when funds were restricted. This is the essence of the stabilisation policy which societies have pursued and barring an acute financial crisis, lending to home-buyers is likely to continue at some £500m. a month during the rest of this year.

Norman Griggs.
14, Park Street, Mayfair, W.1.

To-day's Events

GENERAL

Labour Party National Executive Committee meets.

TUC General Council meets.

Mr. Denis Healey, Chancellor of the Exchequer, speaks at Association of County Councils annual meeting, County Hall, S.E.1.

All-party Commons Expenditure Committee questions Treasury officials on recently-announced public spending cuts.

British Medical Association, following its meeting with the Prime Minister, discusses junior hospital doctors' overtime pay dispute.

Post Office annual report.

British Steel Corporation annual report.

PARLIAMENTARY BUSINESS

House of Commons: Aircraft and Shipbuilding Industries Bill, continuation of remaining stages.

Commons Select Committees. Expenditure (Environment Sub-Committee). Subject: Planning Procedures. Witnesses: Association of County Councils. European Secondary Legislation.

House of Lords: Debates on EEC fisheries policy and marine fish-farming. Iron and Steel (Amendment) Bill, committee and remaining stages. Chronically Sick and Disabled Persons (Amendment) (No. 2) Bill, second reading. Domestic Violence and Matrimonial Proceedings Bill, second reading.

Lords Select Committee on Commodity Prices. Witness: Mr. Edmund Dell, Secretary of State for Trade.

COMPANY RESULTS

De La Rue (first quarter). Gillett Brothers Discount (half-year).

COMPANY MEETINGS

See page 31.

SPORT

Cricket: Essex v West Indies, Chelmsford. Golf: Uniroyal Southern pro-championships, Selsdon Park; Midland open championships, Hill Valley; Scottish Coca-Cola tournament, East Kilbride. Tennis: British Junior championships, Eastbourne.

COMPANY NEWS + COMMENT

Fairey nears £5m.: prospects good

GROUP PROFIT, before tax, of The Fairey Company increased from £2.91m. to £4.92m. in the year to March 31, 1976, compared with a forecast of not less than £4m. Turnover expanded from £38.95m. to £63.14m.

The final dividend, on capital increased by a one-for-two rights issue, is the foreshadowed 2.3125p raising the net total from 3.808077p to 4.00481p per 25p share. Earnings increased from 10.2p to 13.1p.

The chairman Mr. R. W. Holder, states that prospects for the current year are good and the Board expects the group as a whole to keep improving its turnover and profits. Exports will also continue to grow, he adds.

Some advantage was gained from the sub-normal tax charge, it is stated.

The directors are satisfied that the financial strength of the group is capable of maintaining its continued growth.

	1975-76 £000	1974-75 £000
Aviation turnover	30.312	17.474
Engineering	19.927	12.559
Industrial products	6.971	5.211
Marine	3.581	2.112
Survey	2.346	1.565
Total turnover	63.137	38.951
Aviation profit	705	1.492
Engineering	3.940	1.593
Industrial products	1.039	541
Marine	396	174
Survey	111	39
Total trading profit	6.391	4.159
Property division	101	79
Head office expenses	282	215
Net interest paid	1.292	1.055
Associates loss	—	52
Profit before tax	4.918	2.910
Taxation	2.300	1.142
Minorities	15	1
Extraordinary debits	38	67
Attributable	2.565	1.703
Dividends	769	419
Retained	1.796	1.284

All costs associated with the increasingly important medium girder bridge have been written off. All islander learning costs have now been incurred. The costs (including exchange differences of £826,000) amounted to £868,000 and £1,458,000 was recovered out of profits, leaving a balance of £2,324,000 (£2,914,000) to be recovered within the next three years.

The aviation division, which did not perform fully to plan, has since January been producing aircraft to schedule. The £55m. order for elements of the F.16 aircraft has now been added to its other production programmes. Organisational changes, particularly in marketing, have been made to develop the prospects of the Britten-Norman aircraft operation, within this division.

Industrial products division did well and the formerly slack demand for beer kegs has since revived.

Sir Stephen Brown is retiring from the Board at the AGM.

● comment

Fairey's girder bridge operations are in a firm uptrend with orders stretching for a full 12 months, and the aviation side is now getting into some sort of stride: earning costs last year rose from £0.3m. to £1.45m. The upturn in activity is apparently putting considerable pressure on Fairey's working capital, but the F-16 contracts are largely self-financing with initial delivery due in 19 months time. At 74½p the shares yield 7 per cent. covered 3.9 times; and the p/e is 5½ with further profits growth forecast for 1976-77.

Y. J. Lovell jumps in first half

WITH AN improved performance by the construction division pretax profit of Y. J. Lovell (Holdings), the builders, developers and timber importers, improved as expected from £470,000 to £635,000 for the half year to March 31, 1976.

As in the past the second six months is likely to produce higher profits than the first half, the directors say. Profits for the year to September 1975 were £1.36m.

Although capital expenditure in the public sector is bound to affect adversely an already debilitated construction industry in so far as the current year is concerned the Lovell group has an order book "sufficiently profitable to justify continuing optimism," members are told.

A one-for-eight rights issue for an undisclosed amount, full details of which will be sent to shareholders shortly, is also announced and the directors, with provisional Treasury agreement, propose to raise the dividend for the year to September 30 from 2.11p to 3.48p net per 25p share.

	First half 1975-76 £000	First half 1974-75 £000	Year 1974-75 £000
External turnover	22,420	15,224	29,313
Construction etc	19,531	15,996	25,876
Timber	3,225	3,296	6,389
Inter-group	336	478	730
Trading profit	812	476	1,374
Construction etc	411	260	918
Timber	301	210	456
Profit on Debs	23	—	4
Profit before tax	635	470	1,362

● comment

Lovell's 35 per cent. jump in interim pre-tax profits continues the upsurge which began in the second half of last year. Comparison with a more buoyant period will inevitably slow the improvement rate in the second half, but the group looks forward to a better performance from the timber side, where customers are now re-stocking, as well as to a continuing if more modest increase in profits by the construction division. This points to a full year pre-tax total of around £1.6m. As far as the rights issue goes, it is not too easy to predict where the proceeds are to be spent. There is no obvious liquidity problem —in the last accounts net borrowings represented roughly 55 per cent. of shareholders' funds —and although working capital requirements on timber, housebuilding and plant hire will be heavier this year (the latter is following a recent 30 per cent. expansion) an important motive for the rights may be to boost the dividend. On the current price of 32p, the prospective yield is 10.3 per cent., more than 4 points above the construction sector average.

Gnome falls to £178,388

FOR THE year to May 31, 1976, Gnome Photographic Products reports turnover down from £982,138 to £828,897 and pre-tax profits behind from £225,718 to £178,388.

Earnings per 10p share are given at 3.32p (4.23p) and the dividend is maintained with a payment of 2.275p net.

Pre-tax profit is struck after dividends and interest received of £37,405 (£48,406). Tax took £94,946 (£120,455) and there is a loss on the realisation of investments of £6,660 (£14,675).

● comment

The 25 per cent VAT on photographic products and dumping by East European countries hit the sales and profits of Gnome Photographic Products last year. The reduction of VAT rate in April should steady sales, but full recovery must await a revival in personal spending power. Meanwhile, the accumulation of liquid resources continues: at £678,000, they accounted for 70 per cent. of the capital employed in the last balance-sheet and the next one will show £756,000. The role of an investment trust is unwanted by Gnome which has so far not discovered a suitable way of distributing the cash. Dividends would incur 98 per cent. tax for the majority shareholders even if dividend restraint did not prohibit it. And a capital repayment has been ruled out by leading counsel. A takeover bid is one hope and the cash would make a bid self-financing to a significant extent, but no suitable offer has arrived. At 30p, the shares yield 12.6 per cent. and the capitalisation is 15 per cent. below net worth.

MERCANTILE INVESTMENT

The Mercantile Investment Trust has signed an agreement with Investment Trust Services under which the latter will be appointed secretary to the company. The existing management will be joining ITS and Mr P. G. Brealey will continue as manager.

The Board says that the agreement will in a full year result in a significant reduction in management expenses.

Customagic lifts total to 0.9p

FROM INCREASED earnings of 2.78p, against 2.32p, per 10p share Customagic Manufacturing Company is raising its dividend from 0.7p to 0.9p net with a final of 0.45p for the year to April 30, 1976.

Pre-tax profit was £315,000, against £306,000, after exceptional expenditure of £45,000 (nil). At halfway profit figure was £134,161 (£125,347). The company makes loose stretch covers.

	1975-76 £000	1974-75 £000
Group turnover	5,224	3,915
Trading profit	554	449
Exceptional expenditure	*45	—
Depreciation	23	21
Directors' remuneration, interest, etc.	171	122
Profit before tax	315	306
Taxation	169	164
Extraordinary debits	12	*4
Net balance	124	126
Dividend	47	37
Off goodwill	50	50
Forward	256	259

Payments for short-falls in the purchases of cloth under an agreement since terminated. * Credit. Incurred in terminating association with Welland Textiles.

● comment

Without the exceptional item, Customagic's pre-tax profits are up more than 17½ per cent. on a rise of 33½ per cent. in turnover. Continental sales, particularly in Germany, have helped to buoy up business, but with an indicated volume sales increase of around 8 per cent., some resilience against depressed consumer spending trends is apparent in Britain as well. Demand for stretch covers, both for home furniture and for car seats, could even have been helped by lower spending on new goods including cars. Nevertheless, margins have come under some pressure and current trading is suffering from the summer holidays. But through its continental royalty income the company does stand to benefit again this year from the fall in the value of sterling. The shares at 15p yield 9½ per cent. covered three times. The p/e is 5.2.

Drayton Far Eastern

For the half year ended June 30, 1976, revenue of Drayton Far Eastern Trust amounted to £56,000 against £58,000 in the same period last year, after tax of £53,000 against £59,000.

The net interim dividend is held at 0.18375p—in 1975 the total was 0.75p when net revenue was £108,822.

Net asset value per 25p share at the half year was 50.75p (47.5p at December 31). The company, formerly British Australian Investment Trust, changed its name in April this year.

Sir John Prideaux (centre), chairman of National Westminster Bank, who yesterday announced a group profit of £80m. for the half year to June 30, 1976, and a proposal to raise some £66m. by a rights issue. He also announced his intention to retire next April from the chair of the bank and of International Westminster Bank, but he will stay on the Boards of both companies. Seen with Sir John are Mr. Robert Pemberton (left) who will take over the chair at the bank, and Lord Sandon who will head International Westminster.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Customagic		0.45	—	0.35	0.9	0.7
Fairey		2.31†	Oct 1	2.32	4.0	3.81
Gnome Photo		2.28	Oct. 7	2.28	2.28	2.28
Grindlays Holdings	int.	0.5	Sept. 27	Nil	—	Nil
National Westminster		4.7	—	4.27	—(a)	8.55
Phillips Patents		nil	—	1	nil	1
Stirling Knitting		0.35	—	0.35	0.7	0.7
Taylor Woodrow	int.	1.8†	Oct 1	1.31	—	3.04

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and or acquisition issues. (a) Final of 5.56628p is forecast on capital to be increased by one-for-five rights issue.

£26m. S & P Property Fund

THE ANNUAL report of the Save and Prosper Property Fund for the year ended May 15, 1976, shows that the fund increased by £4.4m. to £26.3m. The value of properties was £23.7m. compared with £19.5m previously and liquid funds were £2.6m. against 2.1m. Net income was slightly lower at £0.7m. and there was a net creation of units of £0.8m.

The offer price of units rose during the year from 111.4p to 130.3p, an increase of 17 per cent. of which 3 per cent. represented reinvested income and 14 per cent. capital appreciation.

The fund currently owns 64 properties in Britain and Belgium with an average value of £371,000. The majority of the properties are medium-sized units and the managers state that these have been the most marketable during the past year. They consider that institutional confidence has been largely restored in property investment and they expect the demand for medium sized units is likely to be maintained.

About 94 per cent of the Fund's properties are subject to 5 or 7 year rent reviews, the majority of these occurring in the period 1978-81. The managers expect the next reviews to reflect the shortage of space resulting from the current lack of new development. They are looking forward to another year when, barring unforeseen circumstances, the value of the portfolio will increase increasing by 7.3 per cent. compared with an index rise of 10.2 per cent. The equity fund put on £3m. to £21m. and the fixed-interest fund £4m. to £23.5m. The property fund increased by £27m. to £146m. with a unit price rise of 6.6 per cent. During the period £28m. was put into new properties, including over £5m. in the Pennine Centre in Sheffield and £5m. of properties was transferred from the main Legal and General fund.

The company is a subsidiary of Legal and General Assurance and offers pension fund investment management by means of exempt unit funds.

Johnson Matthey Bankers

PRE-TAX PROFIT for the year to March 31, 1976 of Johnson Matthey Bankers, the banking and bullion dealing subsidiary of the Johnson Matthey Group, decreased from £3.01m. to £1.31m., the after tax figure being £0.61m., against £1.46m.

After two successive years of remarkably high activity in world bullion markets, the past year was a very much quieter period. The bank's earnings were proportionately lower, but were in line with budget estimates, says the chairman, Mr P. D. F. Varrall.

In gold dealing, where the market was subjected over much of last year to the major bearish influence of the proposed IMF gold sales, the bank continued to handle a good proportion of the physical gold business in the Middle and Far East, and was particularly active in Japan. In silver trading, the bank was able in the second half of the year to secure very large tonnages of Indian refinable silver.

Towards the end of the year, a further 1m. Ordinary shares were issued to the parent company, increasing the capital of the bank to £4m. At that time, a new subsidiary was established which later in this financial year will begin dealing in a variety of metals.

	1975-76 £	1974-75 £
Pre-tax profit*	1,311,878	3,011,267
Taxation	701,117	1,552,404
Net profit	610,761	1,458,863
Dividend	300,000	600,000
Retained	310,761	858,863
Reserve	2,379,835	2,069,074

* After providing bad and doubtful debts and after crediting net interest £440,595 (£347,257), etc.

ISSUE NEWS AND COMMENT

Portsmouth Water £5m. offer

Brokers Seymour Pierce have completed arrangements for an offer for sale by way of tender of £5m. of 8 per cent redeemable Preference stock, 1981, in Portsmouth Water Company at a minimum price of £97.50 per cent

The stock is payable as to £10 per cent with tenders to be received not later than August 3 with the balance due on or before September 3. Tenders must be for a minimum of £100 of stock and multiples thereof.

Interest on the stock will be payable half-yearly on October 1 and April 1, with the first payment of £4.6597 per cent due in April, 1977. On the issue price the grossed up running and redemption yields are respectively 12.62 per cent and 13 per cent.

● comment

Portsmouth's issue probably faces a tougher market background than that which confronted other recent water issues, but its sheer size (it is the first ever water issue of £5m.) could attract interest from larger institutions which might be reluctant to consider the smaller issues of this type. There is no comparable stock on offer in the market at present, but there s[illegible] reason why Portsmout[illegible] not enjoy a measure o[illegible] with tender prices perhaps a quarter of above the minimum of [illegible]

Particulars Page [illegible]

MOLINS FLOPS

The offer for sale Ordinary shares in M[illegible] tobacco machinery gr[illegible] been taken up as to [illegible] per cent or just over [illegible] including applications shares from employees. shares were offered at [illegible]

The issue included [illegible] shares to raise about £[illegible] company.

Letters of acceptance posted to-morrow and will start the following [illegible]

HAMBRO LIFE

In first time dealing[illegible] Life Assurance's 25[illegible] offered at 23p earlier [illegible] closed at a 15p discou[illegible] day but in after hou[illegible] firmed 2p to 22p.

The issue is the fi[illegible] flotation for three yea[illegible] oversubscribed by 43 [illegible]

Yearlings rate up

Coupon rates on this week's batch of local authority yearling bonds is up from 11⅛ per cent last week to 11¼ per cent. The bonds are issued at par maturing on August 3, 1977.

This week's issues are, Borough Council of Gateshead (£½m.), City of Wakefield Metropolitan District Council (£½m.), Fareham Borough Council (£½m.), London Borough of Newham (£½m.), South Oxfordshire District Council (£½m.), Bolsover District Council (£½m.), Borough of Rossendale (£0.2m.), Ogwr District Council (£½m.), London Borough of Hounslow (£½m.), London Borough of Hounslow (£½m.), London Borough of Wandsworth (£½m.), West Yorkshire Metropolitan County Council (£½m.), Blackpool Borough Council (£½m.), Borough of Broxbourne (£½m.), Cleethorpes District Council (£1m.), Cleveland County Council (£1m.), Borough Valley (£½m.), Nuneaton Council (£½m.), Shrewsbury and Atcham Borough Council, Brighton Borough Council, City of Glasgow District (£½m.), Strathclyde Council (£½m.), Pendle Council (£½m.), Rother Council (£½m.), Dudley [illegible] Borough Council, Guildford Borough (£½m.), Oldham M[illegible] Borough Council (£1m.), Wakefield Metropolitan Council (£½m.), Watford Council (£½m.), Dumfer[illegible] trict Council (£1m.), Vale District Council, Suffolk Coastal District (£½m.), and Dyfed Council (£1½m.). Blaby District Council is raising £0.2m in a 12½ per cent. issue at par [illegible]ing on July 26, 1978.

IMPERIAL CONTINENTAL GAS ASSOCIATION

Extracts from the Speech by the Chairman, Mr. F. E. Zollinger, at the Annual General Meeting held on 27th July, 1976

Summary of Group Results	1975/76 £'000	1974/75 £'000
Turnover (U.K. Subsidiaries only)	101,138	78,941
Profit before tax	14,791	11,039
Taxation	7,865	5,439
Profit after tax	6,926	5,600
Profit attributable to I.C.G.A.	6,845	5,451
I.C.G.A. share of Unconsolidated Subsidiary Companies' retentions (not included above)	4,080	3,536
Dividends	3,118	2,298
Earnings per £1 stock unit	18.58p	15.47p

Belgium

In the course of recent months there has been a revival of industrial activity, but Belgium still suffers from a relatively high rate of inflation. Currently this rate is in the region of 9½% on an annual basis. Against this background I feel entitled to say that our Belgian operating subsidiaries have performed satisfactorily. This is particularly the case with the Antwerpse Gasmaatschappij (AGM), whose available net profits increased by 37% to Frs. 142 million, while the available profits of Electrogaz improved to Frs. 401 million.

In the context of special legislation passed to counteract the effects of the economic recession and simultaneously to diminish the underlying inflationary trend, the Belgian Government introduced a dividend freeze, which is limited to dividends payable for the year 1975. This restriction has inevitably affected the income received by the Association from Belgian sources which has, expressed in terms of Belgian francs, remained static. Due to the decline in the value of sterling, on the other hand, the dividends received from our Belgian holdings have of course produced a higher sterling revenue.

With regard to the reorganisation of the electricity industry in Belgium, you will have understood no doubt from the Directors' Report that the negotiations for the merger involving Electrogaz have not been simple. However, there is now a real hope that certain administrative processes will be completed shortly and we shall then make an announcement through the Press.

Before turning to our other interests, I would like to point out that our Belgian subsidiaries have weathered the worst recession the free world has experienced in 40 years in a decidedly satisfactory manner, and their basic strength is as great today as it has ever been.

Oil and Gas

For Petrofina, indeed for oil companies in general, 1975 was a trying year. As a result of measures taken by certain governments, rises in the price of crude oil, together with increased costs of production, refining and distribution, could only be partially recovered in selling prices. This situation was aggravated by a world-wide reduction in consumption and depressed conditions in the petrochemical market, above all in the United States.

In these circumstances, Petrofina's results are clearly commendable. In round figures, crude oil production jumped from 3.4 to 5.5 million metric tons. Turnover advanced to Frs. 193,000 million and profit after depreciation and company tax to Frs. 5,934 million or Frs. 501 gross per share. The fact that substantial production in the North Sea came on stream was the principal factor involved. The pipeline linking the Ekofisk field to Teesside became operational in the autumn and by the end of last year the field reached its scheduled production rate equivalent to 15 million metric tons annually. The exploitation of the other discoveries in the Ekofisk complex is being actively pursued. Largely due to the slump in petrochemicals, American Petrofina's profit fell off substantially but the results achieved in Canada showed improvement.

Because of the legal restriction imposed by the Belgian Government, the dividend was maintained at the level of the preceding year. However, having regard to Petrofina's favourable prospects, it was decided to effect a scrip issue of one new share for every 20 shares held. As a result, the ICGA Group holding of Petrofina shares has risen to a total of 808,647 shares.

Turning now to Century Power and Light Limited, we have joined two consortia which have been granted offshore exploration licences by the Republic of Ireland. The Operator, in one case, is Amoco Ireland Exploration Company and, in the other, Phillips Petroleum Company; each consortium has a licence covering four blocks. Some considerable time will elapse before it is possible to assess the true value of these licences.

Shortly after the end of the financial year, the discovery of an oil structure named Renée in block 15/27 was announced. Earlier, a gas well called Audrey in block 49/11A, which lies in the southern part of the North Sea, was tested with satisfactory results. Finally, this month we have made another oil discovery named Thelma, in block 16/17, which received its share of comment in the Press. We do not yet know the importance of these discoveries and further appraisal drilling will be required.

Calor Group

The Calor Group has achieved a turnover of almost £100 million, primarily because of a sharp increase in sales of gas in all areas. The fairly cool weather during the first quarter of this year was undoubtedly helpful, but the success of Calor's mobile cabinet heaters was perhaps an even more important factor.

Due to the sluggish state of the economy, sales in the industrial bulk market achieved no more than a modest increase. For the same reason Calor Engineering had a rather disappointing year but Calor Transport, on the other hand, fared decidedly better. Although third party business was subdued, the high level of activity on the part of Calor Gas helped the transport division quite considerably. In order to rationalize its operations, Calor Agriculture was merged with the Gas Division.

In spite of the difficult operating conditions which continue to prevail in Northern Ireland, Calor-Kosangas managed to attain better results. Those responsible for our operations in that troubled region deserve particular credit for their perseverance and steadfastness.

In the Republic of Ireland a reduction in sales and administration staffing levels was carried out which should result in a higher level of efficiency and consequently also greater profitability.

Whenever one sets out to rationalize an existing structure, one is apt to incur exceptional expenditure. During 1975 Calor set itself such a task in several parts of the group. I find it encouraging that noteworthy progress should have been secured in this direction while simultaneously the net profit improved by 18% to nearly £2½ million. Calor's underlying strength is also illustrated by the fact that its profit before tax and extraordinary item rose by no less than some 65% to £6½ million.

Current Year

Since public utilities—and in this context I consider the Calor Group to be akin to a public utility—are substantially affected by climatic conditions, my predecessors have always been reluctant to express anything approaching a definite opinion about the likely outcome of the current year.

I would therefore prefer to say no more than that the recent evolution of our business leads us to believe that prospects are encouraging.

Copies of the full Speech and Report and Accounts can be obtained from Trident Registrars Ltd., 41–47 Old Street, London EC1V 9PT.

Tea company accounts delayed

Annual accounts of Dimbula Valley (Ceylon) Tea Company, General Ceylon (Holdings), Telbedde Ragalla Investments and Tea Corporation have been delayed by delays in completing the estate accounts following the nationalisation of the undertaking in Sri Lanka.

Accounts of Romai Tea Holdings have been delayed due to audited returns from overseas not yet being available. Accounts are expected to be published in early September.

Accounts of Surmah Valley Tea Company for 1975 will be published in about eight weeks' time.

Phillips Patents

A reduced pre-tax loss is announced by Phillips Patents (Holdings) for the year to February 2, 1976, with £49,406 compared with £159,043 for the previous year. Turnover declined from £3.24m. to £2.74m. At halfway a loss of £50,430 was reported against a £14,637 profit.

For the full year there is a tax credit of £28,111 (£89,601) leaving a loss of £21,295 against £69,422. The loss per 25p share is stated at 0.8p (2.1p) and there is no dividend. Last year's payment was 1p net.

L & G Pensions progress

By Eric Short

The interim report for the six months ended June 1976 of Legal and General Assurance (Pensions Management) reveal that total amount of funds under management now exceeds £400m. During the period the managers received £70m. of new money and the assets managed rose from £341.2m. to £414.9m. Annual income from all sources—contribution and investment—is now approaching £100m.

Since December 21 new clients have put their funds with the company and a further 10 have agreed to do so within the next two months. This will bring the number of pension funds which have put the whole or part of their assets with the company to 280, including one quarter of the U.K's largest 100 companies.

During the first half of 1976, the largest fund—the mixed fund which invests in equities and fixed-interest—grew from £188m. to £224m., with the unit price

U.S. & General Trust

Gross revenue of The United States and General Trust Corporation increased from £433,966 to £454,369 for the 6 months to June 30, 1976. The figure for the year 1975 was £852,454.

After management expenses £20,564 (£18,178), debenture interest £26,618 (£26,750) and tax £154,000 (£147,000), net revenue for the half year was 253,187 (£242,038), and available for Ordinary holders £237,949 (£226,800).

Net asset value per 25p Ordinary share was 216p (189p). Interim 1.43p net (1.4p) has already been announced.

Pennine Motor

Pennine Motor Group will be unable to issue the annual report and accounts for the year to January 31, 1976, within the six-month period required.

The directors, however, intend to issue the accounts by the beginning of October, with a view to holding the AGM towards the end of that month.

The delay is due to a complete restructuring of the Board following the AGM on October 31, 1975. The new Board has been engaged in re-organising the group.

Also the secretary was only appointed last March and consequent upon his appointment the head office of the company was moved from Leeds to Dewsbury, it is stated.

DERITEND

Hill Samuel Registrars has been appointed as Registrars of Deritend Stamping as from August 1.

RESULTS AND ACCOUNTS IN BRIEF

BORELLI TEA—Company unable to issue annual report and accounts within the six-month period following date of end of financial year in which there [illegible] due to audited returns from overseas not being received in time. Anticipated that they will be published early in September.

GOLD AND BASE METAL MINES—The Board hopes to issue the report and accounts of the company in respect of 1975 during the latter part of August and to hold the AGM approximately mid-September 1976. These arrangements are, however, subject to early receipt from Nigeria of the final audit accounts of the subsidiary, Gold and Base Metal Mines of Nigeria.

JATEL—Finalisation of annual accounts for 1975 held up due to delays in obtaining certain information from India. However audit will be completed during the next few days and the accounts should be sent to printers next week. AGM provisionally set for September [illegible]

LWT (HOLDINGS)—Interim dividend for year to July 25 1976, 4.0625p per 25p share payable July 23. Final will be declared in December.

NEW YORK AND GARTMORE INVESTMENT TRUST. Revenue from investments for half-year ended June 30 [illegible] (£106,279). [illegible] "Back-to-Back" Loan [illegible] ceived), bank interest £52,143 (£66,085), management expenses £22,248 (£15,[illegible]). Revenue before tax £[illegible] (£37,671 [illegible]) £3,937 (£14,384). Available for Ordinary £1,431 (£12,294). Earnings per 25p share 0.017p (0.17p). Total net assets at market value including full dollar premium of 45[illegible] per cent. (82 per cent.) where applicable £3,264,121 (£2,393,984) at December 31, 1975). Net asset value per share 40.8p (38.1p).

UNITED KINGDOM PROPERTY (controlled by Schlesinger European Investments)—Results for nine months to March 31, 1976, reported June 29 with comments on prospects. [illegible] £15.55m (£20.32m). Current a[illegible] (£27.7m.). liabilities [illegible] Meeting, 19, Hanover Squ[illegible] August 2, at 2.30 p.m.

WOLVERHAMPTON STEAM [illegible]—Results for year to Mar[illegible] reported June 19. Group £109,838 (£116,725). Net cu[illegible] £1,538 (£17,935) liabilities. Wolverhampton, on August [illegible] a.m.

COUNTER-INFLATION ACT 1[illegible]

The Treasury have given consent to the declaration by the companies of dividends of the total amounts specified financial years ending on the specified dates.

Crown House Ltd.	London SW1	£819,812
Crosby House Group Ltd.	London EC3	£112,595
M. Mole & Son Ltd.	Newport	£8,846
Wellco Holdings Ltd.	London SW1	£19,853
Fodens Ltd.	Sandbach	£79,252
The Brunning Group Ltd.	London E1	£137,540
Braham Millar Group Ltd.	Enfield	£209,810
Vita-Tex Ltd.	Slough	£139,614
Vinten Group Ltd.	Bury St Edmunds	£82,863
J. E. Sanger Ltd.	London EC1	£676,923
Mitchell Somers Ltd.	Halesowen	£271,930
Norwest Holst Ltd.	Bootle	£346,152
Montague L. Meyer Ltd.	London WC2	£2,959,206
Smith Holdings (Whitworth) Ltd.	Rochdale	£15,385
Lee Cooper Group Ltd.	Romford	£96,731
Caravans International Ltd.	Saffron Walden	£127,368
Greene King & Sons Ltd.	Bury St Edmunds	£888,391
Neil & Spencer Holdings Ltd.	Leatherhead	£27,503

Published by the Treasury as required by the above

NatWest profit growth: £65.6m. rights

ST HALF profit up from 33m. to £80.13m., and a one-ive rights issue at 183p £1 to raise approximately 5m. are announced by onal Westminster Bank.

arnings per share are shown have improved from 12.213p 9.464p basic and to 18.163p diluted. The net interim lend is lifted from 4.26865p 4.69331p a share, and the ctors expect to declare a final lend for 1976 on the increased al of 5.56628p, making a total 10.26179p, compared with 49p. In the context of the s issue, the Treasury has rmed that the necessary nt for the increase will be coming.

e directors point out that the half profit is significantly er than in the previous two years due mainly to improved and doubtful debt experience. llowing normal group prac- a charge for provision st advances, based generally erage experience, has been ed before arriving at the trading surplus. In the first last year there was a further ional provision of £18m. No ional provision has been for the first six months of

ner factors affecting the re- were a reduced reliance on esale funds arising from a th in current account nces combined with a sluggish and for advances, a full half-s effect of widening the mar- between base rate and the interest rate on retail deposits, and inflationary pressures which have generated significant increases in operating costs.

General economic uncertainties make forecasting difficult but present indications are that the improvement in results is being maintained, the directors state. Pre-tax profit for the year 1975 was £104.44m.

Details of the issue involving 36,838,264 shares, which is being underwritten by R. Nivison and Co. and J. & A. Scrimgeour, will be despatched to-morrow.

To meet the planned expansion of domestic and international business, the group is engaged on a major programme of long term capital investment, relating in the main to new buildings and modernisation of its branch network, benefits of which will be felt over a number of years, the directors state.

This expenditure, however, reduces the free equity capital of group. In view of this and increasing business arising from real growth, and also the effects of inflation, they consider it appropriate to augment the capital.

The new shares will be allotted to ordinary holders registered on July 16.

The bank has been advised by County Bank.

The bank's rapidly growing international arm, including International Westminster Bank and the main overseas branch, will occupy a substantial part of the new building in Bishopsgate immediately it is completed. This will provide economical and efficient use of the tower accommodation and reduce significantly the present severe fragmentation of the international banking division. In addition, it will allow flexibility for the division's further expansion in the future.

The head office will remain at 41, Lothbury.

	Half-year 1976 £000	1975 £000
Trading surplus	79,347	71,519
Addit. provn. against advances	—	18,000
Share associates	3,942	1,565
Group profit	83,289	55,084
Staff profit-sharing	3,163	1,754
Profit before tax	80,125	53,330
Taxation	43,600	30,339
Net profit	36,525	22,991
Minorities	400	240
Preference dividend	340	340
Extraordinary debits*	2,206	1,283
Attributable	33,579	21,118
Ordinary dividend	8,648	7,834
Retained	24,938	13,284

* Mainly goodwill arising on consolidation.

Sir John Prideaux intends to retire as chairman of the bank and of International Westminster Bank following the next AGM in April. In each case he will, however, remain a director.

Mr. Robert Leigh-Pemberton, a deputy chairman, will become chairman of National Westminster Bank. Lord Sandon, also a deputy chairman, will become chairman of International Westminster Bank.

Mr. J. A. F. Binny retires as a deputy chairman on December 31 but will remain a director of the bank.

See Lex

Grindlays returns to profits

ER ALL provisions for tful debts including transfers eneral provision, Grindlays ings Group produced a pre-rofits of £11.44m. for the first of 1976. This compares with s of £11m. for the first half 975 and a loss of £8.1m. for ull year.

erim profits for 1976 were k after charging a loss of 1. on the sale of U.K. rnment Stocks.

st half attributable profits £2.13m. against a loss of m. Earnings per 25p share given as 6.3p compared with s of 27.7p.

	Half year 1976 £000	1975 £000	Year 1975 £000
before tax	11,443	*10,995	*8,098
[illegible]	11,919	11,765	-5,666
[illegible]	42	270	565
[illegible]	6,173	4,270	10,807
after tax	258	217	[illegible]
[illegible]	5,074	*15,782	-19,370
[illegible]	2,944	*6,176	*9,382
ord. debits	—	—	496
[illegible] profit	2,132	*9,486	*10,334

indlays Bank Group made ax profits of £11.8m. for the d compared with a loss of m in the first half of 1975 a loss of £7.64m. for the ear. The attributable balance £4.13m. against losses of 2m. and £20.13m. respectively.

	Half year 1976 £000	1975 £000	Year 1975 £000
before [illegible]	21,79[illegible]	[illegible]	7,[illegible]
[illegible]	19,5[illegible]	11,4[illegible]	5,752
[illegible]	527	617	1,118
[illegible] tax	6,111	4,245	10,944
[illegible]	450	262	856
[illegible]	[illegible]	15,509	-19,140
[illegible]	1,304	275	22
ord. debits	—	—	972
[illegible] profit	4,[illegible]	[illegible]15,724	20,133

[illegible] all provisions for doubtful debts [illegible] transfers to general provision.

The bank group profit is well in line with the plan for 1976, say the directors. It would have been higher had the Board not decided substantially to reduce the gilt-edged portfolio in March at an accounting loss of £2.7m.

Overseas earnings were substantially ahead even after allowing for the increased sterling value of these earnings consequential upon the fall in sterling against most world currencies.

In particular earnings have increased in the Middle East and the Pacific Basin as well as in India; and there has been a significant improvement in the group's business in France. The wider spread of the bank's international earnings has led to a reduction in the overall incidence of overseas tax.

In London, excluding the loss on the sale of gilts, there was an overall profit. Following the integration of its management, Grindlay Brandts principal banking activities are the group's Euro-currency lending and syndication on behalf of overseas borrowers, the shipping department and the export finance department. All of these have produced good profits, members are told.

The money market and foreign exchange operations of Grindlays and Grindlay Brandts had a particularly successful half-year in difficult market conditions. The Corporate Banking Organisation has made a useful start although corporate loan demand in still slack. The personal banking business in London has improved its contribution to U.K. earnings.

Provisions to cover all doubtful debts total more than expected and the bank has further increased the size of its general provision. In the property sector there have been some recoveries and some additional provisions, principally in relation to property loans made from London to overseas borrowers where until recently it had not been possible to cover the exchange risk.

The group's London business base has now been repaired, and the directors say they have no reason to doubt the group's ability to make an overall profit in London business taking 1976 as a whole.

The group will continue to see strong earnings from overseas business. In parts of the world where conditions are difficult suitable provisions have been made, "but the strength of our overseas business rests on its width."

In order to retain Trustee Status the directors have declared a small interim dividend in respect of 1976 of 0.5p per 25p share absorbing £170,000 plus ACT of £91,538 which will be carried forward for recovery.

After allowing for the profits made by the holding company on its own funds in 1975 and the profits which it will have made in 1976 from those funds there will be a small drawing from distributable reserves of the company (as opposed to the group) built up over previous years and now amounting to £1.23m., all represented in cash. In the directors' view this is justified by the bank's results.

See Lex

Taylor Woodrow ahead to £6.72m. midway

INCLUDING associates, the first time their results have been taken in, profits of Taylor Woodrow for the first half of 1976 rose to £6.72m. Last year's adjusted figure was £5.28m.

Turnover advanced from £135m. to £191m.

On capital increased by a 1-for-5 rights issue the interim dividend is stepped up from 1.3125p to 1.8p net, and the directors re-affirm their forecast of a 6.8p total. In 1975, a total of 5.0414p was paid.

	Half year 1976 £000	1975 £000
Turnover	191,000	135,000
Group	174,000	119,000
Associates	17,000	16,000
Depreciation	3,001	2,331
Group	2,467	2,046
Associates	534	285
Profit before tax	6,719	5,281
Group	6,109	4,697
Associates	610	584
Tax	3,556	2,821
Net profit	3,161	2,460
Minorities	463	252

Results of overseas companies for 1976 have been converted at the sterling rates ruling at June 30.

See Lex

Optimism at May & Hassell

THE FIRST quarter of the current year at May and Hassell, timber importers, shows turnover and profits have already exceeded the first half of last year when figures of £17.64m. and £1.27m. (including £466,000 surplus on disposal of motor vessels) were reported.

Chairman Mr. J. H. B. Atley forecasts that full year figures will be "extremely satisfactory" and says that it is the directors' intention to keep the group in a very liquid position so as to be able to take advantage of what he predicts will again be a deteriorating situation during the second half of the trading year. When economic confidence returns the group will be well placed to thrive, he adds.

As already reported, after associated losses of £740,124 (profits £52,815) pre-tax profits for the year to March 31, 1976, advanced from £1.77m. to £1.97m.

The expected upturn in the second half of the year was slower in gaining momentum than was anticipated, states Mr. Atley.

On the associated loss, he explains that the main problem was caused by a fall in demand as a result of the increase in VAT on television and radio sets. While the directors do not expect significant improvement before 1977, they are confident for the future of this business.

Notes to accounts show future capital expenditure contracted for but not provided of £403,750 (£340,000) and authorised by the directors but not contracted for of £622,950 (£455,000).

Meeting, Bristol, on August 12, at noon.

Chairman's statement Page 11

Equity & Law first half

For the first half of 1976 Equity and Law Life Assurance Society reports net sums assured of £460m. compared with £501m. for the corresponding period and £1bn. for the last full year.

Including annuity business other than managed funds, annual premiums for the six months were £7.1m. (£7.9m.) and single premiums £5.5m. (£4m.).

A revised treatment of certain group business affected the figures at midway but not those for the year-end and figures to June 30, 1975, have been adjusted accordingly.

Plan to save B. W. Freezers

A receiver appointed last week by the Scottish Office hopes to save the jobs of more than 150 workers at the factory of B.W. Freezers.

Edinburgh accountant, M. P. Hamish Armour, said he was very hopeful that he might be able to effect a sale of the trading assets and that all the jobs would be secure. "In other words there is no question of any redundancy. It is a rescue operation, I hope."

A Scottish Office spokesman in Glasgow confirmed that Mr. Armour had been appointed by the Scottish Economic Planning Department, adding: "It should be said that we put the Receiver in at the request of the company. The move offered the only possible chance of a solution to the company's problems. Had a Receiver not been appointed liquidation would have been inevitable."

To-day's Company Meetings

BPB Industries, 15-17, Marylebone Road, N.W., 12. Beecham, Royal Garden Hotel, W., 12. British Cinematograph Theatres, Richmond Buildings, W., 12. British and Commonwealth Shipping, 14-20, St. Mary Axe, E.C., 12. Brunning Group, 100, Whitechapel Road, E., 12.15. Caledonia Investments, St. Mary Axe, E.C., 3. Coalite and Chemical Products, Dorchester Hotel, W., 11.45. Continental and Industrial Trust, 120, Cheapside, E.C., 12. De La Rue, Cafe Royal, W., 11.30. Dorman Smith, Preston, 12. Eva Industries, Manchester, 11.45. Ferranti, Millbank Tower, S.W., 12.15. Glossop (W. and J.), Halifax, 11.30. Lloyd (F. H.), Winchester House, E.C., 12. London and Aberdeen Investment, Winchester House, E.C., 11. Monks Investment Trust, Salisbury House, E.C., 10.30. Mountview Estates, Russell Hotel, W.C., 12. Rediffusion, Connaught Rooms, W.C., 12.15. 600 Group, Grosvenor House, W., 11.30. Uniflex, 330, Seven Sisters Road, N., 11.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Albion, Allied Manufacturing and Trading Industries, Associated Sprayers, Blackman and Conrad, Gillett Bros. Discount, Glenlivet Distillers, Plastic Construction.

Finals—Bonas Webb, Brady Industries, Crossfriars Trust, Dwek Group, Hambro Trust, Hollis Bros., E.S.A., LRC International.

FUTURE DATES

Interims—	
Carrington Viyella	Aug. 11
Clarke (T.)	Aug. 19
Relyon P.B.W.S.	Aug. 20
Rentokil	Aug. 11
Stockfis (Robert R.) (Manchester)	Aug. 5
Finals—	
Best and May	Aug. 3
Daejan	July 29
Henshall (W.) and Sons (Addlestone)	Aug. 12
Hugh Robinson	Aug. 3
Lowe and Brydone	July 29
Norton and Wright	Aug. 3
Warner Holidays	July 30

sales have benefited but it has reduced margins.

At the year end there were cash and deposits totalling £400,765 (£300,695), while overdrafts were up from £562,106 to £799,946.

Year-end commitments amounted to £711,000 and in addition there was a further £217,000 uncontracted.

Meeting, Huddersfield, August 16 at noon.

Pentland Investment earnings up

On gross revenue of £0.59m. compared with £0.51m. and after tax of £0.21m. against £0.17m., revenue of Pentland Investment Trust advanced from £0.26m. to £0.32m. in the first half of 1976.

Earnings per 25p share are shown to have improved from 1.41p to 1.73p. However, the directors say that the second half is unlikely to show the same rate of growth. The present estimate of earnings for the full year is 3.3p per share as against actual earnings of 2.9p for 1975.

As known the interim dividend is held at 0.875p net—last year's total was 2.85p.

The cost of the interim dividend is £152,622. Net asset value per share after allowing for the dividend and deducting prior charges at par was 125.5p (105.4p), including whole of dollar premium of 20.2p (23.4p).

Buoyant sales at Batleys

Since May 1 sales of Batleys of Yorkshire have progressively increased and have never been so buoyant, reports chairman Mr. L. Batley.

In the year ended May 1, 1976, group pre-tax profits increased from £293,483 to £351,372.

The chairman says that in the second half of 1975-76 the group deliberately embarked on an aggressive selling policy to lift turnover and to help customers to be still further competitive. Although cash and carry sales throughout the country slumped by 20 per cent. the group's sales rose from £22m. to £29m. with no extra outlets. Customers and

Good start by Carclo Engineering

The chairman of Carclo Engineering Group, Sir Robin Brook, says the current year has started well although the order book in some companies is below par. However he is reasonably confident of a further advance over the year as a whole.

For the year to March 31, 1976 profits before tax amounted to £608,000, compared with £652,000 in the previous year.

Following the unsatisfactory margins earned in the card clothing division, prospects for the current year are more encouraging, the chairman says.

There is a larger order bank both for home and export markets and directors are budgeting for a substantial improvement in profitability.

Over the past few years, Carclo has built up a 14.4 per cent. holding in the English Card Clothing Co. The investment is considered to be long term, says the chairman.

The engineering side had a very satisfactory year. Since the financial year-end, the group has completed the purchase of Thomas White and Sons, woodworking machinery makers and the acquisition is considered to have considerable potential both at home and in overseas markets.

Meeting, August 19, at 3 p.m.

Downturn by Stirling Knitting

AFTER falling by £11,000 to £155,000 in the first six months, pre-tax profits of Stirling Knitting Group finished the year to March 31, 1976 down from £251,490 to £160,240 on turnover of £4.17m. compared with £5.06m.

Earnings are shown to be down from 3.88p to 3.02p per 20p share before extraordinary items, and from 5.39p to 0.92p after such items. The dividend total is held at 0.7p net with a final of 0.35p.

	1975-76 £	1974-75 £
Turnover	4,169,965	5,059,038
Pre-tax profit	160,240	251,490
Tax	75,575	142,906
Written off*	103,443	—
Special credits	44,563	42,301

* Premium on acquisition of subsidiaries.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Automated Sec. 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
235	F.P.	[illegible]	[illegible]	[illegible]	Hambro Life Assur.	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Leech (Wm.) Builders 20p	58	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US$2.08	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

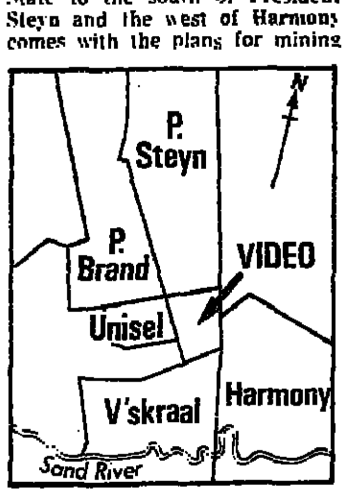
Renunciation date usually last day for dealing free of stamp duty. [illegible]

MINING NEWS

General Mining gold prospect

BY KENNETH MARSTON, MINING EDITOR

THE POSSIBILITY that in due course the General Mining group may open up a new South African gold mine in the Orange Free State to the south of President Steyn and the west of Harmony comes with the plans for mining



the Video ground which adjoins President Steyn's southern boundary.

At present Steyn is entitled to work the ground under tribute to the General Mining group's Sentrust and only to a depth of 7,600 feet. The plans now announced give Steyn the right to mine at any depth and provide for General Mining to prospect the large Vermeulenskraal Noord area to the south.

A new mine?

If a proposed feasibility study shows by end-1979 that a new gold mine can be established by Sentrust on part or all of Vermeulenskraal and part of Video, Steyn will be entitled to participate in the venture. But until the new Vermeulenskraal mine is ready to work the Video area, this will be done by Steyn.

Sentrust will immediately apply for a mining lease over Video and will cede the lease to Steyn's newly-formed subsidiary Video Mining in return for 566,400 shares in Steyn plus cash equivalent to Steyn dividends receivable on them between October 1, 1975, and the date of allotment which is expected to be towards the end of this year.

The Video area, which will be mined from Steyn's No 4 shaft, has a relatively high value ore potential almost entirely in basal reef but the uranium content is not expected to be significant. Clearly, Video is expected to be economic at current gold prices and it is worth bearing in mind that Steyn's current working costs are covered by a gold price of $80 per ounce. But the capital cost of establishing a new mine on Vermeulenskraal is another story.

ROUND-UP

Australia's potential Northern Territory uranium producer Pancontinental, has granted its employees options over 100,000 shares at $16.79 (£11.70 ex-premium) each, being 115 per cent. of the July 22 Australian market price of $14.60 as required under the plan.

* * *

Pacific Copper, the Australian affiliate of Canada's Pacific Copper Mines, spent $64,124 (£44,670) on its Cadia copper-gold prospect at Orange in New South Wales in the June quarter. In addition, $15,914 (£11,000) was spent on the company's wolfram mining project near Torrington, New South Wales and its magnetic fines project.

* * *

The recent improvement in the world price of copper has prompted Australia's Eastern Copper Mines to give serious consideration to the feasibility of re-opening of its Wee MacGregor leaching project which was placed on a care and maintenance basis in May, 1975. The company made a loss of $37,000 (£26,000) in the March quarter.

* * *

The scheme of arrangement between London Tin, London Tin (Malaysia) and New Tradewinds has been sanctioned by the High Court and is expected to become effective on July 30. No disbursements can be made to shareholders within the Scheduled Territories until a declaration of residence has been lodged in respect of their holdings. The closing date for the receipt of investment currency requests from such shareholders is July 30.

NANISIVIK NEAR START-UP TIME

The Nanisivik lead-zinc project north of the Arctic Circle at Strathcona Sound on the north coast of Baffin Island will be in production in the fourth quarter of this year says Mr. Graham Farquharson, president of Strathcona Mineral Services, the project managers.

The Canadian Government has an 18 per cent. stake in Nanisivik with Mineral Resources International of Calgary holding 59.5 per cent. and the remaining 22.5 per cent. shared equally between Germany's Metallgesellschaft and Holland's Billiton.

First shipments of concentrates from Nanisivik will be made during the 1977 navigation season with shipments next year planned for around 100,000 tons. Arrangements have been made with an ice-strenthened carrier for the transportation of concentrates to take advantage of the short navigation season in that far northern area. The project, which has a minimum life prospect of 12 years, is seen as a model for other mine developments in the Arctic islands.

BIDS AND DEALS

Ansbacher pays £1.37m. for S.W. (Guernsey)

Following the acquisition of Slater Walker (Jersey) three months ago by Lazard Brothers, the City merchant bank, Slater Walker (Guernsey) has been bought by bankers Henry Ansbacher.

The sale, for £1.37m. cash, is the latest in a number of disposals which have been made by the SWS group since October, when Sir James Goldsmith succeeded Mr. Jim Slater as the group's chairman. SWS has been the subject of a detailed scrutiny by two firms of City accountants, Price Waterhouse and Peat Marwick Mitchell, the results of which should be made public in the next few weeks.

The cash price paid for Slater Walker (Guernsey) represents that concern's net tangible assets at end 1975. It will be adjusted to reflect any change in these assets shown in the audited accounts at the end of June 1976.

Slater Walker (Guernsey), which began operations in December 1971, is a merchant bank specialising in the management and administration of trusts and companies. A large part of its business comes from outside the sterling area, particularly from EEC countries. Its pre-tax profits for 1975 were £142,000.

The business is to be merged with Ansbacher's existing Guernsey banking subsidiary under the new name Ansbacher (CI), making it one of the island's larger merchant banks.

ASHMOLE TRUST BEING SOLD

Ashmole Investment Trust, valued in the stock market at £2m. is up for sale. Ashmole's advisers handling the sale are Connells, the property financial agency.

Controlled by the Cooper family since its formation, the Ashmole has substantial property holdings—chiefly agricultural—in addition to its share portfolio. Some of the holdings are currently being sold to boost liquidity.

In his last chairman's review, Mr. R P Cooper said that due to recent and pending legislation "there is little point in continuing the activities of Ashmole as in the past" and that the present steps were under consideration.

OLIVER RIX

The directors of Oliver Rix have sold to Mr Norman Whitehouse chairman of George Whitehouse (Engineering) and members of his family, 742,948 Ordinary shares in Whitehouse. Midland and Northern Securities, advisers to Whitehouse, are making arrangements to place the balance of Rix's 46.8 per cent interest, or nearly 1m. shares, in Whitehouse. In Tuesday's edition it was inadvertently stated that the entire stake had been sold to Mr. Norman Whitehouse.

MY DART AND LESNEY TALKS TERMINATED

The shares of MY Dart fell back sharply by 12p to 41p yesterday, on the news that the talks with Lesney had been discontinued.

In a joint statement, the two groups say that "there has been a full and friendly discussion but it has not proved possible to reach agreement."

In a separate statement, the chairman of MY Dart, Mr. Sidney Marks, says that second half trading at the company indicates pre-tax profits of £1,125,000 for the year just past, compared with £1,220,000, "and our financial position remains strong." He added that "current levels of trading in all divisions of the group are very satisfactory."

CATTLE'S PURCHASES

Cattle's Holdings announces the acquisition of Bristol Clothing and Supply Company (Glasgow), Westward Furniture Company and Mackill and Co. for £220,000 in cash.

APPROACHES TO ASSAM TEA

Assam Frontier Tea announces that approaches have been made by sources resident in India which may lead to a take-over offer for the company.

Since these approaches emanate from Indian sources, consents from the Government of India would be required for any offer in addition to the normal U.K. consents. The Board of AFT is being advised by merchant bankers Morgan Grenfell.

NO PROBES

The following proposed mergers are not being referred to the Monopolies and Mergers Commission: Dentsply International Incorporated and A. D. International; the China and Tableware interests of Royal Worcester and the Carborundum International Incorporated.

WM. REED

William Reed and Sons has acquired the capital of Wm. E. Rees & Co. (a subsidiary of Reed International), the freehold warehouse and offices in Bradford occupied by Rees, and the intercompany debt due by Rees to Reed International group.

Aggregate consideration is £382,000, based on audited accounts of Rees at March 28 1976. It will be adjusted for balance sheet movements between that date and the date of completion—expected to be August 27.

Consideration will be met as to £300,000 by the issue of 750,000 William Reed Ordinary shares and Birmingham and Midland Counties Trust has agreed to purchase these for £300,000 cash. The balance is to be paid in cash in four equal six-monthly instalments, the first being due six months after completion.

KEITH AND HENDERSON

The directors of Keith and Henderson said last night that they were taking counsel's advice and consulting the Panel on Take-Overs and Mergers concerning the absence of what they regard as "material factors and considerations" from the latest document issued by Welfare Insurance, which has made an 80p a share offer for the company.

The Board says that while the Welfare document dated July 21 includes two letters concerning the valuation of Keith and Henderson properties from J. Trevor and Jones Lang Wootton, there are two further letters from the valuers which do not appear but which "may be inspected" at the offices of Welfare's solicitors.

Keith and Henderson says it has obtained copies of these letters and is "seriously concerned" that they have not been reproduced in the Welfare document. They are believed to relate to the valuation exercise concerning K and H properties in Bournemouth and Salisbury.

A statement last night from K and H said that, in any event, the Board still considered the Welfare offer to be "totally inadequate" and recommended shareholders to ignore the approach. A further letter to shareholders would be issued shortly.

SIME DARBY ALTERS GOLDEN BAY TERMS

Terms for the acquisition in 1973 by Sime Darby Holdings, the Eastern trading and industrial group, of the Singapore company Golden Bay Realty have been altered somewhat and final agreement still remains to be reached.

The original agreement for the acquisition of Golden Bay, whose principal asset was a partially built shop and office complex in Singapore known as Orchard Towers, provided for the completion of construction by the vendors.

As part of the arrangements, Sime Darby guaranteed the bank facilities of the principal vendor to a maximum of S$32m (now £7.3m.); the guarantee, which expired on June 30, 1976, was partially covered by the deposit of 4m. SD shares issued to the vendor. Information on these matters was included in the 1975 report and accounts.

Sime Darby said yesterday that discussions have resulted in the following interim arrangements pending a final settlement between the parties with regard to the construction of Orchard Towers:

Consideration for the acquisition of Golden Bay, which was originally to be satisfied by the issue of 4m. shares and S$18.25m. (£4.15m.) cash, will now be deemed to be payable wholly in cash; as to the guarantee, the company on July 27, 1976, made a payment to the banks of S$29.59m. and, in consideration of this, the principal vendor of the Golden Bay shares acknowledged that he is indebted to the company for an equivalent amount; this debt due will be offset in the final settlement between the parties. The deposit of the 4m. shares issued to the vendors will continue until the debt is repaid or otherwise satisfied; at that time, the shares will be sold on behalf of the vendors and the proceeds paid to the company.

EPICURE

Epicure Holdings has completed the sale of the Empress Restaurant to Bichmain. For £79,400 cash the purchasers acquired leasehold premises, goodwill, fixtures, fittings and a certain stock of wine of the Empress Restaurant. The purchasers have placed orders for a further supply of wine and furnishings to the value of £19,000 with subsidiaries of Epicure.

Details will be included in the offer document due to be sent on behalf of Slea Holdings, who on July 2 acquired approximately 84 per cent. of the capital of Epicure.

DUFAY BITUMASTIC

Dufay Bitumastic has acquired the capital of Soab from Federated Chemical Holdings who will continue to be the sole selling agents for Soab. The consideration was £192,254 cash.

Based on audited accounts at December 31, 1975, the net book value of assets acquired amounted to £109,392 and pre-tax profit was £15,958. Dufay Bitumastic directors believe that the group will benefit from the increased production and turnover which will accrue.

ASSOCIATES DEALS

Greene and Co. on Friday bought 5,000 Central Province Tea Holdings at 11½p on behalf of Bandanga Holdings.

Hoare Govett bought 60,000 Bibby and Baron on behalf of Low and Bonar at 50p.

Vickers Da Costa and Co. bought 25,000 Beyer Peacock at 25p on behalf of National Chemical Industries.

Cohen De Smitt Greener Dreyfus sold for discretionary clients 6,000 Elbar Industrial at 193p and bought for associates 6,000 at 193½p.

Cazenove and Co bought 400 Metropole Industries 7½ per cent. Redeemable Preference at 90p on behalf of International Combustion Holdings.

Panmure Gordon and Co bought 100,000 R. and G. Cuthbert at 44½p on behalf of an associate.

Berry Wiggins and Co. acquired between July 2 and 9 a further 55,000 Aattock Petroleum shares making the beneficial holding 370,050 shares (12.1 per cent.).

APPOINTMENTS

Sir Richard Meyj joins Foseco Min

Sir Richard A. Meyjes has been appointed to the Board of FOSECO MINSEP as a non-executive director. Sir Richard retired earlier this year from the Royal Dutch Shell Group.

*

Mr. Leonard Walton has been appointed deputy chairman of ANGLO-PORTUGUESE BANK, a member company of the Norwich Union Insurance Group. Mr Walton was formerly executive deputy chairman of Barclays Merchant Bank.

*

BAIRD-ATOMIC. In reporting the appointments of Mr. Richard S. Vokey and Mr. H. M. S. Davis to this Board in yesterday's Financial Times, it was not made clear that the company has acquired only the atomic absorption spectrophotometer side of Shandon-Southern.

*

Mr. Harold P. Hodge has been appointed to the newly-created post of public affairs manager of ESSO CHEMICAL, the U.K. affiliate for petrochemical operations of the Exxon Chemical Company. Mr. Hodge, who retains his current director's responsibilities, will now be responsible for all aspects of public affairs, including relations with the Government, trade associations, Press and other news media and with the public at large. These responsibilities were previously shared by several members of senior management.

*

Dr. Gordon Watson has been appointed managing director of BRITTEN-NORMAN (BEMBRIDGE), the Fairey subsidiary responsible for the Islander and Trislander range of aircraft. Dr Watson was previously technical and marketing director of Scottish Aviation.

*

Mr. Ken Fleming has been appointed to the newly-created post of director—retail travel, London area, of AMERICAN EXPRESS, following the reorganisation of the company's retail travel division. Mr Fleming was previously senior manager—travel, Haymarket and London area.

*

From August 1 Mr. L. Hoskin has been appointed director, corporate planning and international marketing of F. PRATT ENGINEERING CORPORATION. This is a newly-created position to co-ordinate the development of corporate strategy which has become closely allied to the corporation's increasing penetration of international markets.

*

Mr. David S. Tomlinson has been appointed to the Board of PANOCEAN-ANCO.

*

Mr. R. G. Roberts has been appointed a director of HAROLD INGRAM.

*

Mr. Roy R. Garnham has been appointed an executive director of LONDON AND CONT BANKERS.

*

Mr. Christopher Str joined COMMODITIES R UNIT as director of S Services, a new post. will be responsible for the company's regular and forecasting servic Stobart was managing the Investor's Chronicle and was previously Min

*

The Secretary of Sta dustry has appointed Leonard Maunder a m the NATIONAL RESE VELOPMENT CORP from September 1 Maunder is Dean of Science and Professor o cal Engineering at the of Newcastle upon Tyn

*

Mr. Alan D. Harris appointed to the new position of divisional director for the foundr of the WEIR GROUP appointed to the Boar the division's five stee companies.

*

Mr. S. B. Cant, previo ment director of GUT DUSTRIES EUROPE, appointed chief execu managing director of pany's Texar Division Mr. A. J. Welford becom deputy managing di charge of sales and mar was previously chief ex Guthrie Europe's expor Mr. A. J. Lindsay, marketing director of Europe, has been appoin newly created post of de director.

*

Miss A. W. Lambert P. R. Welch have been directors of GLOCK B CO., insurance brokers

*

Mr. P. W. Bardsley appointed director an manager of the hollow division of Reynolds T pany, part of the TI STE DIVISION. Mr. Bardsley production director of Tube since 1963.

Mr. R. J. Marshall, become personnel dire Weldless, a TI Steel sion company, was executive.

*

Mr. Robin D. Joh viously systems man been appointed corp provement manager, MUTUAL LIFE ASS OF AUSTRALIA.

CLUBS

IS QUARTERLY REPORT

Substantial increases in state borrowings

3Y MARY CAMPBELL

JOR COUNTRY debtors sub-:tially increased their borrow-: from the Euromarket inter-onal banks in the first quarter :this year, the latest figures ı the Bank for International lements reveal. (The size of given country's debt to banks lerived by adding together or international banks' ›sits from and lending to ties in each country.)

'ithin this total, the USSR eased its recorded net debt ı $4.7bn. to $5.6bn., Poland ı $3.4bn. to $3.8bn., East nany from $2.0bn. to $2.4bn. Hungary from $1.4bn. to bn.

›uth Africa was another heavy borrower during the quarter. net debt rose from $4.0bn. 4.7bn. with borrowing rising ı $4.8bn. to $5.4bn. and ›sits unchanged at $0.8bn.

nong other traditionally ·y borrowers, Brazil's recorded net debt to international commercial banks rose from $10.8bn. to $11.8bn. and Mexico's net debt from $10.1bn. to $11.3bn.

The Vatican increased its deposits with international banks from $105m. to $124m. The Vatican is not recorded as having any borrowings outstanding either in December or March.

Japan, which is the international banks' largest net debtor by a very large margin, increased its net borrowings from $22.8bn. last December to $23.3bn. in March. Its external deposits rose from $9.1bn. to $10.2bn. and its borrowings from $31.9bn. to $33.5bn. Banks in Japan increased their net borrowing even more, by $1.9bn., from $17.7bn. in December to $19.6bn. in March.

Countries in Eastern Europe were particularly heavy borrowers in the first quarter. Overall borrowings from international commercial banks by entities in Eastern Europe rose from $22.3bn. to $23.6bn. while deposits fell from $7.1bn. to $5.7bn. Eastern Europe's net debt to the western world's major commercial banks thus rose from $15.3bn. to $17.9bn.

The latest BIS statistics are accompanied by a more than unusually detailed analysis of the situation in the Eurocurrency market and in international banking world-wide during the first quarter.

A major factor in the market in the first quarter was currency disturbances. The BIS notes that expectations of an appreciation of the D-mark led to repayment of part of the substantial sums which banks in the Euromarket had borrowed in that currency from German banks in 1975. Italian banks, the BIS says, helped to reduce the downward pressure on the lira by borrowing heavily on the market.

Oils earnings boost

By Jay Palmer

NEW YORK, July 27.

IN THE SECOND quarter of the current year, most of America's largest oil companies managed to lift profits sharply. Gains reported for those three months, which are for the most part attributed to domestic U.S. operations, range from a 93 per cent. earnings leap at Atlantic Richfield to a mere 7 per cent. rise for Marathon Oil.

Not every company, however, managed to move ahead with both Exxon and the Standard Oil Company of Ohio reporting earnings declines of respectively 3 and 4 per cent. Exxon's operating improvement, it seems, was offset by the Venezuelan nationalisation while Sohio suffered from the generally flat demand and poor margins for coal.

The wave of results make it undisputably clear that U.S. operations have been very profitable, at least partly because of the comparative poor showing last year. In the words of one oil analyst "there has been an unparalleled sales demand for petrol during the three months while U.S. average retail prices have leapt from 57 cents to 59 cents a gallon."

Substantially higher prices for natural gas have also benefited returns and, incidentally, more than offset lower sales volume. The companies' chemical operations have also seen very sharp gains thanks to modest price rises and, more importantly, near record increases in volume demand and volume production utilisation.

The second quarter results of the principal companies were: Gulf Oil—net profits up 30 per cent. to $208m. or $1.06 a share. Revenues rose 11 per cent. to $4.27bn. Gulf said that about 75 per cent. of the gain came from the U.S. and it is clear that its chemical side also did well; Shell Oil—net profits up 40 per cent. to $164.9m. or $2.37 a share on revenues up very slightly at $2.3bn. The company's large chemical side was a factor while its downstream refining benefited from sales and price gains for petrol; Continental Oil—net profits up 27 per cent. to $113m. or $1.08 a share. Revenues up 12 per cent. to $2.1bn. The company's coal side proved a negative factor but this was clearly offset by the improved petroleum returns; Atlantic Richfield—net profits up 93 per cent. on the disastrous 1975 returns to $135.7m. or $2.38 a share. Sales up 16 per cent. to $2.11bn.; Exxon—net profits down 3 per cent. to $595m. or $1.33 a share. Revenues rose from $11.7bn. to $12.5bn. With petroleum and natural gas earnings up, Exxon quite clearly was hurt by the Venezuelan nationalisation.

BMW cautious on growth prospects in medium term

BY ADRIAN DICKS

BONN, July 27.

BAYERISCHEN MOTOREN Werke sold almost 30 per cent. more cars during the first six months of this year, continuing the strong trend it has managed to show for the past two years and raising group total turnover by just over 40 per cent. to DM2.18bn. (£454m.).

But the company's chairman, Herr Eberhard von Kuenheim, once again cautioned that such a heady rate of growth could not be expected to continue for-ever. Speaking at the BMW annual meeting in Munich to-day, the chairman told shareholders:

"BMW remains, as it has already been for the past 10 or 15 years, the strongest growth company in the industry. Yet it understands this progress as being only a rapid filling out of its proper role on the international car and motor-cycle market. And as soon as this role has been filled out everywhere, meaning that as soon as market shares have been established for its special products, BMW will once again return a very much quieter rate of growth."

Eberhard von Kuenheim

In the meantime, Herr von Kuenheim mentioned (with satisfaction) BMW's strengthening of its sales and services networks in the U.S. and in Switzerland, where it has taken over direct control.

The company's first-half figures show a further 9 per cent. increase in domestic car sales, with a solid 48 per cent. increase in exports. There was also a 35.9 per cent. jump in domestic motorcycle sales, though exports here showed only a 1 per cent. growth.

These favourable conditions allowed BMW to take on some 3,000 more workers during the first six months, and the chairman said some 1,000 more people would be needed in the course of the year.

Textron profits accelerate

By Our New York Staff

TEXTRON, the "father of conglomerates"—and the company which two years ago considered taking over the financially troubled Lockheed—has announced a second quarter net increase to $30.9m. up from $21.2m. or a per share increase from 57 cents to 82 cents. For the six months the increase is to $57.3m. or $1.53 a share, from $41.9m. or $1.13 a share.

Sales for the second quarter are $690m. up from last year's $626.8m., and for the half are $1.34bn. compared to the previous $1.17bn.

Textron, better known by its various trade names, attributes the sales gains primarily to two segments of its business—to its consumer group, including for example Talon zip fasteners, Biri home sewing products, Shaeffer pens, and Bostitch staplers—and to its Bell helicopter, whose substantial increase in sales and earnings has been boosted by a long-term agreement to build helicopters for Iran.

Foreign currency translations represented a charge of $238,000 in the second quarter, and $1.3m. the first half of 1976.

Colgate better

THE SECOND quarter net income for Colgate-Palmolive, the U.S.'s largest detergent manufacturer, is up to $39.6m., or 52 cents a share, from last year's second quarter of $35.2m., or 46 cents a share, our New York staff writes. For the six months the net was $68.2m.—or 89 cents a share—up from $59.9m.—or 79 cents a share.

Sales for the second quarter rose 7 per cent. to $899m. from $834m., and for the half year the figures are $1.75bn., up from $1.635bn. The improvements are attributed to higher unit volume in domestic business, rather than to price increases.

Last month the company diversified into the food industry, acquiring Riviana Foods, which registered more than $460m. in sales in the year to July 31, 1975.

Tenneco earnings

TONNECO second quarter diluted earnings per share were $1.06 ($1.02). Net income was $103.4m. ($96m.) from revenues of $1.59bn. ($1.44m.).

First half figures were $1.97 $1.79): $192.2m. ($168.8m.); and $3.15bn. ($2.77bn.), Reuter reports from New York.

Hongkong Bank holds interim on increased capital

BY PHILIP BOWRING

HONG KONG, July 27.

: HONGKONG and Shanghai ; has maintained its interim lend at 16 cents a share on ·al recently increased by e-for-ten scrip issue.

a statement isued with the lend declaration, the Board that recovery from recession and more stable interest , had been reflected in imed results "in most areas," ›ared with the first six ths of 1975. However, the half of 1975 is believed to been particularly difficult, most of last year's profit 'th coming in the second

·r the full year, the Board ·ly states that "some ovement" in the operating t is expected, with a final dividend "not less" than last year's 42 cents but increased 10 per cent. by the scrip issue.

The major problem area is the impact of the war in the Lebanon on the British Bank of the Middle East. No interim dividend has been declared by the BBME. The Board said it had been decided that provision for any loss should "be set aside out of current profits." This suggests that the Hongkong bank will not use the cushion of undisclosed transfers to and from inner reserves to absorb the bulk of losses from the Lebanon. This will necessarily affect declared 1976 profits.

It is thought that profitability of the bank's Hong Kong operations has been growing faster than total profits. Last week Hang Seng Bank, its major quoted subsidiary, announced an effective 13 per cent. dividend increase. Liquidity here remains high and domestic deposits have been growing more rapidly than loans and advances. This suggests that there is considerable scope for increased profitability as loan demand rises. It is, however, questionable whether the local stockmarket will take very well to to-day's announcement. There was disappointment in some quarters that Hang Seng had not increased its interim payout by a larger amount. And to-day's statement suggests plainly that the parent has not been doing as well as the subsidiary.

ELIN Union sees growth prospects in 1976

BY PAUL LENDVAI

VIENNA, July 27.

ELIN UNION, the Austrian electrical engineering concern, expects a 25 per cent. rise in turnover this year as against a 7 per cent. increase to Sch3.59bn. (£112m.) in 1975. Announcing this, the Board added that orders in hand were 38 per cent. up to Sch.7bn., with exports accounting for 44 per cent. of the order book.

Turnover in the first half of 1976 was already up 16 per cent. on last year's comparable results and this is the reason for the estimated 25 per cent. increase for the year as a whole ELIN belongs to the OIAG, the holding company for nationalised industries. With a production staff of 7.670 it represents 13 per cent. of the labour force of the electrical industry and is one of the 12 largest Austrian enterprises.

Last year's turnover growth was primarily due to a 30 per cent. jump in exports which reached Sch.975m. and accounted for 27 per cent. of the sales total as against 20 per cent. in 1974. The Board plans to increase in the medium term the share of exports to 35 per cent. of aggregate sales.

Consolidated group turnover rose by 6.7 per cent. to Sch.4.26bn. A new subsidiary company, called ELIN Iran commercial engineering company, was ste up in Tehran.

The consolidated balance-sheet total rose by Sch.73m. to Sch.5.6bn. last year. Operating revenues were Sch.114m., and net profit Sch.25.6m. An unchanged dividend of 5 per cent. is announced. During the second half of this year capital may be increased by Sch.100m. to Sch.600m. subject to the approval by the OIAG.

Travelodge's cash needs

Y JAMES FORTH

SYDNEY, July 27.

VELODGE AUSTRALIA ex-s to earn a profit of only 30,000 in the year to June if its equity accounts for its t ventures. Two of these tures in Tokyo and Tahiti causing difficulties. The ta Hotel, built at the new ta International Airport in o, is the greatest problem. elodge and its partner ıbishi took possession of the : a little over 12 months but have not been able to it because residential and ·onmental opposition has ·nted the opening of the rt. The Narita venture inted for a substantial part ·pected losses of $A870,000 joint ventures.

Tahiti is also causing problems because of a sharp drop in tourism, and therefore in hotel occupancy. The partners have decided to sell the hotel and Travelodge has provided $A3.3m. for possible non-recovery of loans and equity. Without equity accounting the joint ventures, Travelodge would actually show a lift in earnings from $A700,000 to $A1.1m.

Travelodge at present has a 40 cents a share offer from its parent company, Hong Kong-based Southern Pacific Properties for the 42 per cent. of the capital it does not already hold.

Directors to-day recommended acceptance and released an independent report from accounting firm, Price Waterhouse which concluded the offer price was fair. It may still attract criticism because the asset backing, after the latest write-offs is still about $A1.00 a share.

Travelodge directors said there was a need to conserve cash to meet a debt reduction programme and fund working capital requirements and there could be no near term dividend prospect until these matters improved.

Upturn for Austrian Airlines

BY OUR OWN CORRESPONDENT

VIENNA, July 27.

AUSTRIAN AIRLINES (AUA) reports a 19 per cent. rise in passenger traffic during the first half of 1976 compared to the first half of last year. The number of passengers carried passed the 500,000 mark. Passenger kilometres flown rose by 25 per cent. to 380m. Earnings were up by 24 per cent. and the greatest advances were recorded on the flights to Athens, Amsterdam, Istanbul and Tel Aviv.

The economic upswing made itself felt in freight traffic, too, which registered an increase of 22 per cent. compared to the same period last year and reached 4m. ton kilometres.

The charter sector recorded an over the average growth and the number of chartered passengers carried by AUA jumped by 44 per cent. to 120,000. The strong demand during the Easter and Whitsun holiday seasons made an important contribution to these results. The resumed services from Vienna to Dusseldorf, Cairo, Helsinki and Stockholm as well as from Salzburg to London had "fully corresponded to the expectations," the Board stressed.

;oles' result shows etter retail trend

SYDNEY, July 27.

COLES and Co., national and supermarket chain, earnings 18.7 per cent., $A19.57m. to $A23.4m. in ear to June 26. Profit margins were tightened up as sales the same period rose only ·r cent. from $A975m. to 3bn. The final dividend is ised from 4.5 cents a share ents, bringing payout from nts to 8.5 cents for the year. s is the first retailer to . for 1975-76. If its results ın indication the retail has done well.

ing the year 15 super-·ts and one variety store opened. At the same time ·r units were closed which losing money because of ›itive cost structures.

result equals earnings of :nts a share compared with ents in the previous year. alance date net tangible asset backing for each share had risen from 101.4 cents to 108.8

Coles also made a profit of $A1.24m. on the sale of non-current assets, but this was largely offset by a $A916,000 provision for freehold building depreciation, which is not allowable in Australia as a deduction against tax. The company also wrote $A1.99m. off intangible assets.

Haw Par

HAW PAR Brothers International has wound up its controversial Melbourne Unit Trust (MUT) and transferred the share of MUT's two wholly-owned subsidiaries, Grey Securities and Cobra Investments, to the group's Hong Kong subsidiaries, Haw Par High Income and Haw Par Hong respectively.

Dutch POSB goes for loans

BY CHRISTOPHER HILL

WHILE Post Office savings banks may be worthy institutions offering the saver security and convenient access to his money, they are not usually thought of as dynamic and innovative. But this was the impression I got of the Netherlands Post Office Savings Bank (the Rijkspostspaarbank) during a recent visit to Amsterdam—and of its manager, Mr. J. P. Matthysse. The main reason for this was that RPS is rapidly escaping from the "small man in the street" image common to most savings banks and is "going hell for leather to get into the competitive lending field." In fact, Mr. Matthysse—a genial man in his forties—reckons that "you don't bind clients with savings any longer but with lending."

Of course the RPS hopes to get new savers including the larger depositor with daily changing interest rates, but being able to offer a range of credit facilities is uppermost in its mind at the moment. It already has some experience because it entered the private house mortgage field in 1973 and this has worked out very well. Home ownership is on the increase in the Netherlands and the RPS offers loans at a competitive rate. From its own viewpoint this makes sense, for mortgage assets permit an adaptation of the interest rate every five years. To U.K. ears this may not sound particularly flexible but it is in the Netherlands. The result is that the RPS has made rapid strides in the mortgage field, taking business away from institutions like the insurance companies which are very big in home finance.

Mr. Matthyse also has a plan for introducing an "open-ended" mortgage which would cease at age 65 and thereafter allow the homeowner to "re-mortgage" his house and draw an income from it in retirement. It sounds rather tortuous but is practised in the U.K. to some extent by insurance companies which offer home owner retirement schemes (arranging a mortgage whose proceeds are used to buy an annuity). Apparently many retired Dutch people also have the experience of owning a house without sufficient income to go with it.

J. P. Mattysse, director, Rikspostspaarbank.

The venture into the wider lending field is now open, for the necessary permission has been granted by the Dutch Parliament. The RPS is not quite ready yet but the initial step contemplated is the granting of personal loans. A maximum loan limit has not yet been decided but it will probably range from Fls.5,000 to Fls.15,000 (around $1-3,000). The main criteria for lending money is that the borrower should possess a "salary account" (which means that he has a job), for as Mr. Matthyse said a "personal loan is a non-safety loan." But there is a central credit organisation in the Netherlands which can be used as a check. In a way, the RPS is following the same path as the Trustee Savings Bank in the U.K. by breaking through into lending and one problem is gaining the necessary experience. But the RPS has already "bought" 10 qualified people on the market who will be used to spearhead training.

One major asset the RPS possesses in its drive for expansion in a competitive market is that the giro traffic through the Postal Giro Service has expanded dramatically in recent years and most employees are now paid through the giro system. This makes the transfer of money from an ordinary to a savings account a relatively easy matter. What it has also meant is that the traditional pass book has declined in recent years and the number of Post Office handlings (for which the RPS pays charges) is going down. Therefor the trend is for the RPS and the Postal Giro Service to increasingly integrate what they have to offer the public. It is a trend which could well give food for thought to the comparable institutions in the U.K. The same goes for the Dutch idea for "personal advisers" in some 50 post offices to present the RPS's services, plus mobile units to provide regional "points of support."

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan 9½pc 1988	102¾	103¾
Aquitaine 10pc 1985	104¾	105½
Bowter 9½pc 1986	99½	100½
Caisse National Autoroute 8pc 1986	99½	100
CNE 9½pc 1983	100¾	101¼
ECS 9½pc 1986	101	101¼
EIB 9½pc 1985	102¾	103¼
Erap 9½pc 1985	102¾	103¼
Esso 8pc 1986 Nov.	100½	101¼
Eurofima 8½pc 1983	100	100¾
Granges 8½pc 1985	101½	102
ISE Canada 9½pc 1986	102¾	103½
Massey Ferguson 9½pc 1991	101½	102¼
Michelin 9½pc 1986	100¾	101½
Modo 9½pc 1988	102	102¾
Ntl. Westminster 9pc 1986	99½	100
Norpipe 9½pc 1989	101½	102
Norsk Hydro 9½pc 1986	102½	103¼
Oslo 9pc 1988	100½	101½
Pacific Light 8pc 1988	94½	95½
Prov. Quebec 9pc 1984	100¾	101¼
Sandvik 9½pc 1986	100¾	101¼
Scanraff 8½pc 1984	99½	100½
SFE 9pc 1983	100½	101½
Shell 8pc 1986	100	100¾
Stand. Oil (Ind.) 8½pc 1985	103¾	104
Svenska Handels 9½pc 1986	101½	102¼
Volvo 9½pc 1985	102¾	103¼

NOTES	Bid	Offer
Bank of Tokyo 8½pc 1981	100¾	101
Barclays 9½pc 1982	102¾	103
British Gas 9pc 1981	100½	101
Charbonnages Fr. 8½pc '81	99½	100
Denmark Mort. Bk. 9pc '83	101½	102
ECS 8½pc 1981	101	101¾
EEC 8½pc 1982	97	97½
Electricity Cel. 8½pc 1981	99½	100
Montreal Urban 8½pc 1981	97	97¾
Nacional Fin. 10pc 1981	102	102¾
New Brunswick E. 9pc 1983	100¾	101½
Seagram 9pc 1983	102¾	103½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¾pc '87	81	83
Ashland 5pc 1988	81½	83½
Beatrice Foods 4½pc 1992	97	99
Beatrice Foods 4½pc 1992	114	116
Borden 5pc 1992	97½	99½
Broadway Hale 4½pc 1987	76	78
Canon Camera 7½pc 1989	135	137
Carnation 4pc 1987	81	83
Chevron 5pc 1988	117½	119½
Dart 4¾pc 1987	79	81
Eastman Kodak 4½pc 1988	109½	111½
Economic Labs. 4½pc 1987	72	74
Fed. Dept. Stores 4½pc '85	114	116
Firestone 5pc 1988	87	89
Ford 6pc 1986	96½	98½
Ford 5pc 1988	86½	88½
General Electric 4¼pc 1987	94	96
Gillette 4¾pc 1987	73	75
Gould 5pc 1987	101½	103½
Gulf and Western 5pc 1988	98	100
Harris 5pc 1992	91	93
Honeywell 6pc 1986	83	85
ITT 4½pc 1987	73	75
Komatsu 7½pc 1990	105½	107
J. Ray McDermott 4¾pc '87	141	143
Mitsubishi Elec. 7¼pc 1991	103½	105
Mitsui 7¼pc 1990	103	104
J. P. Morgan 4½pc 1987	113	115
Nabisco 5½pc 1988	92	94
Owens Illinois 4½pc 1987	103½	104½
J. C. Penney 4½pc 1987	79	81
Pioneer 6½pc 1989	305	
Revlon 4½pc 1987	110	112
Reynolds Metals 5pc 1988	88	90
RJI 8½pc 1983	97½	98½
Sperry Rand 4½pc 1987	101½	103½
Squibb 4½pc 1987	77	79
Texaco 4½pc 1988	74	76
Toshiba 6½pc 1990	106½	108
Union Carbide 4½pc 1982	116	118
Warner Lambert 4½pc 1987	89	91
Warner Lambert 4½pc 1988	80	82
Xerox 5pc 1988	75	77

Source: Kidder Peabody Securities.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Prices retreat 7.38 after firm start

BY OUR WALL STREET CORRESPONDENT

NEW YORK, July 27.

AFTER A FIRM opening, prices *turned down again on Wall Street* to-day on an apparent tightening of Federal Reserve monetary policy.

Early in the day, Arthur Burns, Federal Reserve Chairman, told Congress that the Fed had lowered its long-term money targets for the M2 and M3 measures of the money supply, indicating a slightly tighter money policy.

At the close the Dow Jones Industrial Average, which had begun with a rise of 1.11 at 10.30 a.m., was showing a loss of 7.38 to 984.13. The NYSE All Common Stocks Index was off 31 cents at $55.31.

Declines outnumbered advances 885-to-480 in a volume of 15.58m. *shares—up 2.05m. on yesterday.*

Other factors in the market's decline The Commerce Department's announcement of a £377m. trade deficit last month—there was a surplus of $395m. in May—and the fact that no major bank followed First National Bank of Chicago in cutting prime rate by ¼-point to 7 per cent.

Investors also seemed disappointed by the market's reaction to IBM's increase of the quarterly dividend from $1.75 to $2.25 a share. The stock fell $2¾ to $272¼.

Exxon eased $¾ to $52¾ after reporting lower second quarter profits attributed to lower results from its foreign petroleum and natural gas operations.

Phillips Petroleum sagged $¾ to $60¼ — it also reported lower earnings.

Heavily-traded Chrysler fell $½ to $20¼, following its announcement yesterday of sharply higher profits for the June quarter.

Among other losers, Boeing gave up $1¾ to $37⅞, Du Pont $1¼ to $137⅞, Burroughs $2½ to $96⅞, Xerox $1⅛ to $60⅝ and Aluminum Co. of America $1⅞ to $54¼.

Cummins Engine, however, climbed $1¾ to $39⅞ after reporting higher earnings. Deere and Co. picked up $¾ to $64¼. It declared a two-for-one stock split and increased its dividend.

Getty Oil moved ahead $1 to $172½, but Superior Oil advanced $3½ to $192½. The Federal Power Commission has raised new natural gas rates.

Prices on the American S.E. declined, the index closing 0.38 lower at 104.10.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Tenneco	289,500	33⅞	+⅛
Exxon New	*183,600*	*52¾*	−¾
Int. Tel. Tel.	175,300	29½	−⅛
Chrysler	166,200	20¼	−½
Texaco	141,000	27¾	−⅛
Westinghouse Elec.	132,300	16½	−¼
Disney	122,900	50⅜	−⅜
Am. Tel. Tel.	120,900	57¾	−⅛
Southern Co.	*116,500*	*14¾*	—
Eastman Kodak	105,200	94¼	−⅜

Canada mixed

No clear trend emerged in trading on Canadian stock markets yesterday.

Industrials lost 0.92 to 186.01, Papers 0.58 to 117.21, Utilities 0.25 *to 142.08 and Base Metals* 0.16 to 91.63, but Western Oils put on 0.86 to 223.54 and Banks 0.40 to 242.02.

Golds also advanced but the closing gain of 0.04 to 247.61 was way below the improvement of 2.15 at noon.

In Chemicals, Union Carbide Canada dropped $C1½ to $C21. Falconbridge Nickel rose $C1 to $C43¾.

Westcoast Petroleum Preferred "A" slipped $C¾ to $C14¼, while Westcoast Common was off $C¾ to $C7.

OTHER MARKETS

PARIS—Higher over a wide front, following a statement by M. Jean-Pierre Fourcade, Finance Minister, that French consumer prices rose between 0.4-0.5 per cent. in June (0.7 per cent. in May).

The market took little account of the rise in the call money rate from 8¾ to 9¼ per cent.

Significant improvements were seen in Bancaire, Casina, Ferodo, Babcock, DBA, CFAO, BP, UTA and Saint-Gobain. Losers included Pechelbronn, Poliet, Poclain, BHV and Nobel-Bozel.

AMSTERDAM—*Slightly lower* over a broad front in slow trading.

Internationals declined: Royal Dutch by 40 cents to Fl.129.60, Unilever by 50 cents to Fl.122.40, Philips by 30 cents to Fl.29.80, and Akzo by 10 cents to Fl.38.50.

In Banks, Algemene Bank *fell Fl.2.50 to 303.50, while in* Transportations KLM lost Fl.3.20 to 121.80 and Van Ommeren dipped Fl.2.30 to 225.20.

BRUSSELS—*Lower again in the wake of the rise in bank rate and* the trend in consumer prices.

Falls included, Traction, down B.Frs.25 to 2,675, Vieille Montagne, off B.Frs.30 to 4,250, Union Miniere, B.Frs.24 lower at 1,200, Wagons-Lits, GB-Inno-BM, Solvay, Cometra, Sidro and Electrofina.

SWITZERLAND — Lower in moderate settlement-day trading. *Swissair eased Sw.Frs.8 to 381* among Transportations, while Credit Suisse dropped Sw.Frs.10 to 2,615 in little-changed Banks.

Financials were slightly weaker while Insurances moved irregularly.

Motor Columbus fell Sw.Frs.25 to 910 and Landis Gyr Sw.Frs.20 to 770, but Holzstoff Bearer jumped Sw.Frs.130 to 1,080.

Hoffman lost Sw.Frs.1,500 to 92,500.

COPENHAGEN—Irregular in active dealings.

OSLO—Banks and Insurances were *quiet. Industrials tended* firmer, but Shippings were barely steady.

GERMANY—Steady in directionless trading, with some slight improvement towards the close due to institutional demand.

The Commerzbank Index declined 1.9 to 749.4.

Thyssen stocks were actively traded, Thyssen advancing DM2.70 to DM129.70, and Thyssen Industries DM2.90 to DM95.70.

In Banks Deutsche put on DM1.50 *to DM290, but others* posted only marginal gains.

In Motors Daimler edged ahead DM0.50 to DM341, but VW lost DM1 to DM133.50. BMW was unchanged, despite reporting a 40 per cent. rise in first half group turnover.

MILAN—Prices rallied, after three successive downward sessions caused by technical settlements. ANIC, which had plunged sharply in recent sessions, following its decision to write down *its capital*, put on L11 to 586, while Fiat rose L31 to L1,798, and Snia Viscosa L25 to L1,520.

Terni, Lepetit and Eridania were among the few issues which closed marginally down.

VIENNA—Quietly steady.

HONG KONG—Stocks registered fractional losses in increased trading

Hong Kong Bank fell 20 cents *to $HK18.90, Hong Kong Land* 5 cents to $HK6.80, Hutchison 5 cents to $HK3.00, Wheelock "A" 2½ cents to $HK2.40 and Hong Kong and Kowloon Wharf 30 cents to $HK16.20.

Turnover totalled $HK16.33m. (9.72m. Monday).

TOKYO—Slightly higher after fluctuating widely following reports that Mr. Kakuei Tanaka, former Prime Minister, had been detained by the Tokyo Public Prosecutor's office in connection with the Lockheed pay-off scandal.

Volume was 140m. *shares* (85m. Monday).

Automobiles, Cameras, Electricals and Pharmaceuticals moved up on cheap buying.

Sony rose Y50 to Y2,850, Alps *Electric Y45 to Y1,010,* TDK Electronics Y100 to Y2,020, Toyota Y15 to Y840, Canon Y9 to Y409 and Matsushita Electric Y17 to Y670.

JOHANNESBURG—Golds were firmer throughout the da yand Financial Minings, while more quietly traded, were also stronger.

Coppers were steady and Platinums generally higher. Coals remained a feature throughout trading, with Tavistk rising R1 to R24.000 and Aped 65 cents to R16.00.

AUSTRALIA—Prices closed on a generally unsettled note in quiet trading, despite a firm opening trend.

Pancontiental in Uraniums slipped 80 cents to $A14.50—it announced the grant of 100,000 option shares to employees — while Ocean Resources also dipped 4 cents to 57.

North Broken Hill eased 2 cents to $A1.96 and AAR, Queensland Mines, Kathleen and Western Mining also fell.

Cons. Goldfields Australia put on 5 cents to $A3.05.

Pound improves

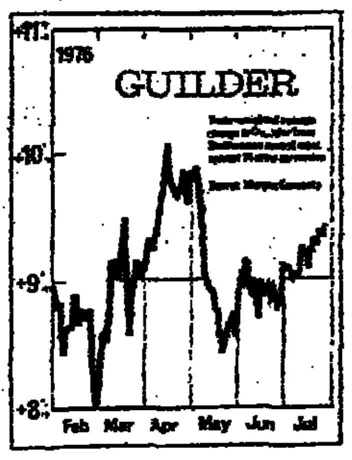
Sterling gained ground against the U.S. dollar in fairly quiet trading in the foreign exchange market yesterday. Announcement yesterday afternoon of the trade deficit for June by the U.S. had a depressing effect on the dollar and the U.S. currency lost ground against most major *currencies.* The pound had remained steady for long periods during the morning however and although the weakness of the dollar helped sterling, early selling of the pound from the Continent was absorbed without any apparent intervention from the Bank of England. Sterling opened at $1.7785-1.7795 and after falling to $1.7770-1.7780, touched a best level of $1.7820-1.7830, before closing at $1.7815-1.7825, a gain of 30 points on the day.

The pound's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by the Bank of England, narrowed to 38.6 per cent. from 38.7 per cent., after standing at 38.7 per cent. at noon and in early dealings.

News of a U.S. trade deficit of $377.3m. for June, following a trade surplus in May, resulted in a general decline by the dollar, though indications of tighter monetary policy by the Federal Reserve Board may have checked the fall. The dollar's trade-weighted average depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York, widened to 1.84 per cent. from 1.81 per cent.

The French franc was helped by the dollar's weakness and the recent increase in French interest rates. It improved to Frs.4.90 in terms of the dollar, from Frs.4.9420 previously.

Gold gained $1½ to $113¾-114¼. The krugerrand's premium over its gold content was 3.39 per cent. for domestic and international delivery.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	July 27	July 26
sterling	0.642524	0.642341
U.S. dollar	1.14305	1.14266
Belgian franc	45.4305	45.4057
Deutschemark	2.94415	2.94383
French franc	5.63352	5.65151
Italian lira	955.304	955.035
Japanese yen	335.371	335.485
Dutch guilder	3.12396	3.12746
Swedish krone	5.12566	5.12197
Swiss franc	2.86448	2.86385

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

July 27	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Frankfu't	—	2.5780-55	52.40-50	6.660-[illegible]	4.585-[illegible]	[illegible]	[illegible]
N. York	38.82-[illegible]	—	20.4342	2.5[illegible]	1.7815-25	[illegible]	[illegible]
Paris	1[illegible]	4.9255-[illegible]	—	12.230-[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]-76	[illegible] 7-79	—	[illegible]	[illegible]	[illegible]
London	4.5[illegible]	1.7815-25	8.725-735	[illegible]	—	[illegible]	[illegible]
Am'rd'm	106.[illegible]	[illegible]	35.410-460	6.5[illegible]	4.5[illegible]	—	[illegible]
Zurich	91.16-27	2.5[illegible]	71.06-12	[illegible]	4.[illegible]	[illegible]	—

U.S. $ in Montreal, U.S. $=97.44-46 Canadian cents.
Canadian $ in New York, C$=102.62-64 U.S. cents. U.S. $ in Milan [illegible]
Sterling in Milan 1,[illegible]

EURO-CURRENCY INTEREST RATES*

July 27 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W.German mark	Swiss franc
Short term	11¾-11⅞	5-5⅛	8½-9½	7-7½	4⅛-4½	2½-3
7 days notice	11⅞-12⅛	5⅛-5⅜	9-10	7-7½	4¼-4½	[illegible]
Month	12-12½	5⅜-5⅝	8⅞-9	6⅞-7⅛	4⅜-4½	[illegible]
Three months	12⅜-12⅝	5⅞-6	8¾-9¼	8⅞-9	4⅜-4½	[illegible]
Six months	12¾-13¼	6⅛-6¼	8⅞-9¼	8⅞-9¼	[illegible]	[illegible]
One year	13½-14	6⅝-6¾	8⅞-9¼	8⅞-9¼	[illegible]	[illegible]

Euro-French deposit rate: two-day 9½-9¾ per cent.; seven-day 10¼-10¾ per cent.; one month 11½-11¾ per cent.; three-month 11¾-12¼ per cent.; six-month 11¾-12 per cent.; one year 11-11½ per cent.

Longer-term Eurodollar deposits: two years 8¼-8½ per cent.; three years 8¾-8⅞ per cent.; four years 8⅞-8¾ per cent.; five years 8¾-9¼ per cent.

The following nominal rates were quoted for London dollar certificates on deposit: one month 5⅛-5¼ per cent.; three-month 5[illegible] per cent.; six-month 6-6⅛ per cent.; one year 6[illegible] per cent.

* Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two days' notice for guilders and Swiss francs.

Indices

NEW YORK – DOW JONES

	July 27	July 26	July 23	July 22	July 21	July 20	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrial	984.15	991.51	989.31	981.06	983.44	986.29	1,011.21 (12/7)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (2/7/32)
HomeB'nds*	86.88	86.95	86.83	85.77	86.80	86.75	86.99 (15/7)	85.58 (15/7)	—	—
Transport	222.96	226.03	226.70	226.68	226.42	225.60	251.27 (14/7)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	91.00	90.75	91.10	90.66	90.78	90.97	91.90 (4/2)	84.8 (26/5)	163.32 (20/4/69)	10.58 (8/4/32)
Trading vol. 000's	15,580	13,530	16,870	15,808	18,350	19,810	—	—	—	—

* Basis of index changed from July 1.

	July 23	July 16	July 9	Year ago (approx.)
Ind. div. yield %	3.84	3.83	3.79	4.64

STANDARD AND POORS

	July 27	July 26	July 23	July 22	July 21	July 20	1976 High	1976 Low	Since compilation High	Since compilation Low
*Industrials	116.10	116.78	116.76	116.64	116.50	116.57	119.02 (14/7)	101.64 (2/1)	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	105.46	104.07	104.06	103.93	103.82	103.72	105.95 (14/7)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	July 21	July 15	July 8	Year ago (approx.)
Ind. div. yield %	3.38	3.30	3.35	3.78
Ind. P/E Ratio	12.77	13.05	12.85	11.03
Long Govt. Bond yield	5.68	5.60	5.67	5.72

N.Y.S.E. ALL COMMON

July 27	July 26	July 23	July 22	1976 High	1976 Low
55.31	55.62	55.65	55.55	56.64 (12/7/76)	57.06 (2/1/75)

Rises and Falls	July 27
Issues Traded—1,850	Up—480
Down—885	Same—485
New Highs 27	New Lows 11

		July 27	July 26	July 23	July 22	1976 High	1976 Low
MONTREAL	Industrial	195.00	194.64	194.66	—	207.55 (13/5)	176.62 (2/1)
	Combined	188.07	189.21	189.26	—	189.78 (20/5)	175.67 (2/1)
TORONTO	Industrial	186.01	186.93	186.99	187.51	197.43 (20/2)	175.01 (2/1)
JOHANNESBURG	Gold	163.1	159.6	161.9	163.5	226.7 (12/5)	157.9 (30/7)
	Industrials	198.8	199.5	200.7	201.8	216.0 (21/5)	198.6 (6/4)

	July 27	Previous	1976 High	1976 Low
Australia (a)	493.40	497.03	439.40 (27/7)	445.32 (5/1)
Belgium (b)	99.69	100.31	115.12 (5/2)	97.80 (8/6)
Denmark (d)	114.15	113.99	114.16 (27/7)	100.20 (10/3)
France (e)	62.6	62.1	74.3 (5/3)	62.1 (26/7)
Germany (f)	749.4	751.3	821.7 (17/3)	725.0 (25/5)
Holland (g)	91.5	91.8	10[illegible] (5/2)	89.8 (29/5)
Hongkong (h)	403.79	406.18	465.55 (17/3)	354.55 (2/1)
Italy (k)	86.21	85.05	91.57 (25/2)	72.20 (4/5)
Japan‡ (m)	349.19	343.26	357.90 (30/6)	326.28 (5/1)
Singapore (n)	255.56	256.42	286.16 (5/2)	236.35 (2/1)
Spain (p)	86.22	86.67	100.79 (7/5)	85.43 (1/4)
Sweden (q)	457.41	456.03	476.96 (10/6)	393.56 (19/1)
Switz'rl'd (r)	288.2	289.5	298.5 (12/3)	275.5 (4/6)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10). (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73 (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966 (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp 31/12/58 (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport (c) Closed.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—102¼% (102¾%)

NEW YORK

CANADA

GERMANY ◆

July 27	Prices Dm.	+ or —	Div. %	Yld. %
A.E.G.	90.5		—	—
Allianz Versich	425		18	2.1
B.M.W.	244		18	3.7
B.A.S.F.	160	−0.8	14	4.3
Bayer	131		17	6.1
Bayer Hypo	276		20	3.7
Bayer Vereinsbk.	279.5		20	3.0
Commerzbank	186	−0.2	18	5.0
Contl. Gummi	83.5		—	—
Daimler	341	−0.5	17	2.5
Degussa	233	−0.5	15	3.8
Demag	161	−0.5	—	—
Deutsche Bank	290	+1.5	20	3.4
Dresdner Bank	212	−0.5	20	4.7
Dyckerhof Zem't.	152	−2	6	2.0
Gutehoffnung	184	−1	14	3.7
Hapag Lloyd	120	−5	12	5.0
Harpener Dm100	152.5	−1.5	9	5.9
Hoechst	146.3	−0.2	14	4.8
Hoesch	56.5	+0.2	—	—
Kali Salz (Dm50)	102.5		7	3.4
Karstadt	376	−2	y20	2.7
Kaufhof	232		20	4.3
Klockner (Dm100)	114	−1	—	—
Klock Humbolt	160	+1	10	3.1
Krupp Prf Dm110	118	−2	—	—
Kundencredit Bk	271.5		20	3.3
Linde	202	−1	16	4.0
Lowenbrau DM100	1,820		20	1.1
Lufthansa	97	+1.8	4	2.1
M.A.N.	169.5	−0.5	12	3.5
M'esmann Dm 100	361	−1	14	3.9
Metalge'lschaft	245	−5	10	—
Munch. Ruckvers	425	−7	18	2.1
Neckermann	94		y—	—
Preussag Dm. 100	150	−0.2	7	4.6
Rhein West Elect.	156.5		17	5.1
Schering	344.5	−4.6	20	3.9
Siemens	291.4	−0.8	16	2.4

MILAN

July 27	Price Lire	+ or —	Div. Lire	Yld. %
Alitalia Priv	700	−30	—	—
ANIC	586	+11	—	—
Ausonia Fin	3,610	+30	120	3.6
Bastogi	1,162	+22	70	6.1
Breda	2,230	+37	165	6.7
Burgo	9,490		200	2.1
Cantoni	6,800	−300	—	—
CIGA	2,265	+55	—	—

AUSTRALIA

July 27	Aust. $	+ or —
Acrow Australia	0.73	
Adelaide Brighton Cement	1.28	
Allied Mng-Tr[illegible]	1.87	+0.07
Ampol Exploration	1.16	+0.01
Ampol Petroleum	0.89	+0.02
Assoc. Minerals	5.50	
Assoc. Pulp Paper	1.0	+0.02
Aust. Con. Industries	1.68	+0.01

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ◆

AMSTERDAM

COPENHAGEN

VIENNA

JOHANNESBURG

TOKYO ◆

Source Nikko Securities, Tokyo.

STOCKHOLM

OSLO ◆

SPAIN ◆

GOLD MARKET

FOREIGN EXCHANGE

FORWARD RATES

NOTICES

ARMING AND RAW MATERIALS

.S. move rged over greements

WASHINGTON, July 27.

Administration officials have d Senate approval of U.S. cipation in international nodity agreements covering e, tin and wheat.

stifying before the Senate ign Relations Committee, 'sentatives of the State and sury Departments sought to 'e members that the agree- s would have no harmful ct on the respective market. ey also restated the U.S. ion of considering proposals ommodity agreements on a oy-case basis, insisting that oval in these instances would no precedent for future ns.

ommittee chairman, John kman, told Reuters after the on he expects the panel wil' amend senate approval of hree agreements. But, he the timing of committee n is not clear.

e tin and coffee agreements structured so as to effect orice of the commodities— in pact through use of a r stock and the coffee pact gh imposition of quotas.

: wheat agreement, an sion of the existing agree- through June, 1978, con- no price provisions.

S. imports of palm oil dur- une rose to 57.6m. lbs from the previous month, but down from the 69.6m. -ted in June, 1975, Census u figures show.

st of the June imports came Malaysia with 54.2m. lbs. suppliers were Indonesia and Singapore 1.1m.

r

razil curbs xports of des and skins

) DE JANEIRO, July 27.

ZIL IS restraining its pro- d hides and skins exports gh a quota system to safe- l domestic industry supplies, es at the Bank of Brazil's m trade department, Cacex.

'ex decided last month that and skins exporters should be allowed to sell in 1976 ame amount as last year. exporters have already their quota and licences to t further amounts are wed individually before granted or refused.

azil's processed hides and exports in the first five hs of this year totalled 7,200 s against 3,900 in the same period and 9,900 in the e of last year, Cacex figures

er

Potato shortage fears begin to mount

BY PETER BULLEN

FEARS THAT Britain may be facing a potato shortage for the second successive year grew yesterday with announcements of further official action to conserve supplies.

Last week the Ministry of Agriculture said the Government had decided to continue the prohibition on potato exports during August and that the normal ban on imports of main crop potatoes would also be suspended during the month.

This was followed yesterday by an announcement by the Potato Marketing Board that it is postponing the introduction of its proposed quality standards for the main crop potatoes which would have had the effect of keeping very small or very large potatoes off the market.

For the time being the PMB is keeping the minimum riddle size at 35 millimetres or 1¼ inches and is imposing no restriction on maximum size or length.

Both the Ministry's and the PMB's moves are purely precautionary at this stage as it is still too early to forecast with any confidence whether or not potato supplies will be adequate.

There is no doubt that the drought and hot weather have hit this year's main crop prospects which the Ministry itself earlier this week had described as "not encouraging." What little rain has fallen has been too late to be of maximum benefit and has caused some of the tubers to put out shoots or "secondary growth."

But for several reasons, the overall situation will probably not be as serious as last year's shortage. This year producers planted a total 483,000 acres (195,000 hectares) which is 38,000 acres (15,000h.) more than the 1975 area. The early crop area was up by about 4 per cent. and the main crop by 10 per cent.

In addition this year's crop was planted in excellent soil conditions, unlike last year, and even with the drought yields should be higher than 1975 when they slumped from the average of around 12 tons an acre to less than nine tons.

Following the high prices last winter and this spring demand has also slumped dramatically. Last month, for instance, we were eating only 113 lbs of potatoes a head compared with 136 lbs June last year and 159 lbs two years ago. This will mean inevitably that the total demand for the year for about 6m. tons of potatoes will be reduced considerably.

With drought widespread across Europe, imported supplies may not be as easy to come by this winter but to offset any drop in imports there is the final unknown factor—"do it yourself" supplies. Demand for seed potatoes this year revealed a big increase in garden and allotment plantings which even though they may have suffered from the drought could play a valuable part in offsetting any shortage in commercially grown supplies.

BRUSSELS, July 27

THE Common Market to-day suspended the 18 per cent. import duty on potatoes in an attempt to attract supplies from the world market to supplement drought-hit EEC production, writes Robin Reeves.

The decision was "nodded through" the Council of Foreign Ministers and will come into effect on August 1 and last until September 30.

EEC potato import duties were only re-imposed on June 30 after being suspended early in the year. That suspension resulted in supplies being attracted from afar afield as Australia, India, New Zealand and South Africa. But Britain, the worst-hit EEC country, received the bulk of its additional imports—230,000 tonnes—from other EEC countries.

New Zealand wool prices soar

WELLINGTON, July 27.

WOOL PRICES moved towards towards new peaks to-day when the New Zealand Wool Marketing Corporation offered growers in Auckland and Invercargill five to 7½ per cent. more for their wool than they received at the last auction, the Wool Board announced.

Over 700 bales of second shear, crutchings and oddments were available to the Corporation in the two centres under its new "extra choice" selling method.

Offers for second shear were five per cent. higher, crutchings and second shear oddments were generally 7½ per cent. higher and limited quantities of lambswool were five per cent. above the last auction prices, the Board statement said.

Growers have until noon tomorrow to accept or reject the corporation offer. Mr. Roger Buchanan, Corporation deputy operations manager, said the prices reflect the current strength of the wool market. "While prices exceed anything achieved in the last 12 months, they are in accord with the Corporation's commitments to pay full market values on the day," he said.

"Though the new wool selling season is not due to get under way until August 19 (Dunedin), if sustained, this level of prices must be encouraging to producers."

Mr. Buchanan said that with the currently strong trade demand, it is expected that offerings under the scheme will not be great.

Meanwhile, in London the International Wool Secretariat reported that total South African wool production was 114.3m. kilos in 1975-76, compared with 114.6m. in the previous year.

Mr. Gideon Joubert, South African Wool Board chairman, told the growers' congress in Bloemfontein that 40 per cent. of the merino wool was offered by sample and certificate last season and forecast that 60 per cent. of the total clip may be objectively measured and sold in this way during 1976-77.

Improved economic conditions are expected to result in increased demand for better quality wools but no dramatic increase in prices is anticipated due to South African and Australian stocks consisting mainly of these types of wool, he added. The prospects favour a wool price expectation equal to that of 1973-74, he said.

Higher Indian sugar output forecast

BANGALORE, July 27.

INDIAN SUGAR production is expected to reach 5.7m. tonnes in 1978/79, as against installed capacity of 6m. tonnes, Mr. S. K. Somaiya, president of the Sugar Technologists Association of India, said.

He told a news conference, sugar has become India's main foreign exchange earner.

Leading Indian commodity experts said in May that Indian sugar production in 1976-77 should reach 4.3m. to 4.4m tonnes. They added it should rise to 5m. tonnes within a few years.

Reuter

Date set for copper talks

GENEVA, July 27.

LEADING COPPER producing and consuming countries will meet here from September 27 to October 1 for renewed talks on ways of stabilising the world copper market, according to UN sources, reports Reuter.

The meeting, which is being called by the secretariat of the UN Conference on Trade and Development (UNCTAD), will bring together the 25 states who attended preliminary consultations here last March, and possibly some new participants.

It is expected to decide on future action on the basis of the results of the March meeting and of last May's Unctad conference in Nairobi, which set a time-table for preparatory talks for negotiations on 18 commodities including copper, the sources said.

Our commodities staff writes: Trading was very quiet again on the London Metal Exchange yesterday. Mozambique/Rhodesia border incident reports boosted copper and tin prices at one time but both drifted lower when the reports were denied. At the close cash standard tin was £5.5 lower at £4,780 a tonne, and cash copper wirebars £1 higher at £915.75 a tonne.

Conditions in the lead and zinc markets were even quieter with prices moving up a little during the day only to fall back near the close. Cash lead ended £0.625 lower at £292.375 a tonne and cash zinc £1 lower at £933.25 a tonne.

Indian jute exports fall sharply

By Our Own Correspondent

CALCUTTA, July 27.

THERE HAS been a sharp fall in Indian exports of jute goods in the first quarter of 1976-77 of about 35 per cent. despite the abolition of all export duties and the cash subsidy of 10 per cent. being given on carpetbacking and hessian exports.

Gunny shipments during April-June this year totalled 97,200 tonnes compared with 134,500 tonnes in the same period of 1975-76.

There was a small drop in production during this quarter of 6,000 tonnes to 298,000 tonnes due to the fact that some dozen mills remained closed during the best part of the period. The Government has asked the mills to reopen soon but the Indian Jute Mills Association fears that market conditions still remain adverse and the liquidity position of the mills in general being precarious there are possibilities of more mills closing in the near future.

DROUGHT SURVEY

European grain crop losses assessed

WASHINGTON, July 27.

THE U.S. Department of Agriculture (USDA), believes total grain production in Western Europe will amount to less than 125m. tonnes, almost 6m. below last year's poor output and about 17m. tonnes less than was anticipated before severe drought caused heavy crop losses.

In a special European grain crop survey the Department estimated as a result, Western Europe would need to increase its imports of feed grains during the approaching 1976-77 season by almost 6m. tonnes from the past season's level. Much of the extra requirement would be filled with shipments of U.S. maize, the Department added.

The Department's latest estimates were based on a two-week survey conducted between July 12 and 23 by two U.S. grain experts.

The USDA put total Western European grain output this year at 124.5m. tonnes compared with an output of 141.2m. tonnes forecast before the drought. The Department's previous forecast, issued about a month ago, was 133.2m. tonnes.

Sharply down

Of total West European production, the Department forecast output in the EEC at 93m. tonnes, sharply down from initial predictions of a crop of about 107m. tonnes this year and last year's production of 97.2m. tonnes.

The estimates indicated feed grain production had been hit hardest by the drought. The USDA estimated total Western European output of feed grains this year at only 74m. tonnes, compared with initial forecasts last April of 85.4m. and last year's production of 80.8m.

But West European wheat production, although down from earlier hopes, is still expected to show an increase of almost 2m. tonnes over last year's relatively low output at 50.4m. tonnes.

EEC feed grain output is forecast at only 53.2m. tonnes, compared with an estimated 59m. last year. Last year's production was well below the average of recent years.

However, the Department estimated EEC wheat output this year at 39.9m. tonnes, significantly below the average, but still above last year's output of 38.1m. tonnes.

As a result of the reduced output, the Department forecast that during the 1976-77 season Western Europe as a whole would import an estimated 38.2m. tonnes of grain consisting mainly of feed grains.

Feed grain imports are likely to be about 31.7m. tonnes compared with 25.9m. during the past season, the Department said. European exports, meanwhile, are expected to dip to about 200,000 tonnes compared with an estimated 3.3m. this season. Wheat imports for the 1976-77 season are put at 6.5m. tonnes, against estimated imports last season of 7.3m. However, the USDA expects West European wheat exports this season to dip to 6m. tonnes from 8.6m. last season.

For the EEC, total grain imports in 1976-77 are now estimated at 27.7m. tonnes compared with 24m. in the past season. Of this figure the Department estimates 22.4m. tonnes will be in the form of feed grains, compared with 17.9m. tonnes in 1975-76, while wheat imports will decline slightly to around 5.3m. tonnes from 6.1m. tonnes imported last season.

The USDA doubts that the EEC will export any feed grains during the 1976-77 season compared with 2.5m. tonnes during the past season. EEC wheat exports are expected to drop to around 5m. tonnes from 7.5m. last season.

Hard hit

The USDA noted recent rains had ended a dry spell which began last December in France, the EEC's major grain producer. Other areas hard hit by the lack of rain, were Italy's Po Valley, portions of West Germany, southern and eastern regions of the U.K. and much of the Netherlands and Belgium.

The Department said the rains had partially alleviated the dry conditions over most of Western Europe. It pointed out, however, the moisture was not in time to benefit the small grain harvest there. Maize production had benefited to some extent as had potato crops, particularly in West Germany. Late-sown intermediate crops and pastures are now also expected to show some improvement.

In Brussels, meanwhile, EEC Commission sources said the general outlook for crops in EEC countries has changed little despite the rain of the past two weeks. The Commission reviews its forecasts weekly but the changes have been so slight they have not been thought worth publishing, the sources said.

Reuter

Rubber producers to encourage output

KUALA LUMPUR, July 27.

MOELJONO PARTO Soedarso, Secretary General of the Association of Natural Rubber Producing Countries (ANRPC) said the Association will encourage rubber production in view of buoyant world market prices since early this year.

The told journalists during an ANRPC executive committee meeting, current rubber prices, averaging nearly $M2 a kilo, are in the higher sector of the ANRPC's proposed price stabilisation range.

The committee, consisting of experts and senior officials from India, Indonesia, Malaysia, Singapore, Sri Lanka and Thailand, is meeting here this week to work out final details of a draft price stabilisation scheme agreed in principle in May last year.

Giving details of the proposed scheme Mr. Moeljono said it would operate on similar lines to the International Tin Council, through an International Natural Rubber Council to be established in Kuala Lumpur.

The Council would act to stabilise prices through supply rationalisation and a proposed buffer stock. The size of the stock agreed last year was 100,000 tonnes, but informed sources said Malaysia, which originally proposed a 350,000 tonne stockpile, was pressing for the lower figure to be regarded only as an initial tonnage.

Final agreement on the scheme by the executive committee would clear the way for its signing at an ANRPC ministerial meeting later this year, and possible implementation early next year, the sources said.

A representative from Papua-New Guinea, which joined the association recently, attended the meeting as an observer. Vietnam, of which South Vietnam was formerly an ANRPC member, was not represented.

Reuter

COMMODITY MARKET REPORTS AND PRICES

ASE METALS

PER—Higher on the London Metal nge after fluctuations caused by from Mozambique and Rhodesia. d metal opened at £947, drifted to very quiet conditions and then

	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
rs				
...	916.5-7.5	-.75	915.5-16	+1
...	950.5-1.5	-.25	949-50	+1.25
'nt	917.5	+1	—	......
es				
...	906.5-7	+3	904-.5	-1.25
...	941-.5	+2.5	938-9	+1.5
'nt	907	-3	—	......
tl..	—	......	*74	......

gained £6 on reports of an invasion lesia. The price slipped back to hen the reports proved to be ced. After firming again, the price drifted off after a lower Comex opening, but there was considerable demand under £950. The price climbed in later dealings and reached £951 on the Kerb. Turnover, 14,925 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £915, 16, 17, three months £951 to 48 to 51. Cathodes: Cash £907, 6.5, three months £941, 41.5, 41. Kerbs: three months £952, 52.5, 52, 51. Afternoon: Wirebars: cash £916, 15, three months £952 to 49, 50. Cathodes: cash £904. Kerbs: cash £915, three months £949.5, 50, 51. Cathodes: three months £940.

TIN—Lower in a generally quiet market. Pre-market dealings at £4,880 for forward metal were very subdued, but the price firmed to £4,900 on the news from Mozambique and Rhodesia. There was some physical buying and the price reached a day's high point of £4,905 before drifting off in the afternoon. The widening contango reflected expectations of arrivals of metals from the Eastern markets. The price slipped to £4,865 on the Kerb. Turnover, 1,385 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade £	£	£	£	£
Cash	4805-10	—18	4775-85	—5.5
3 months	4905-10	—5	4885-90	......
S'ment	4810	—15	—	......
Standard				
Cash	4805-10	—16	4775-85	—5.5
3 months	4902-5	+3	4882-3	+5
S'ment	4810	—15	—	......
Straits E.	‡$1254¼	—12¼	—	......
New York	—	......	390.5	—2.0

Morning: Standard: cash £4,815, 10, three months £4,908, 05, 01, 05. Kerbs: Standard: three months £4,900, 4,890. Afternoon: Standard: three months £4,895, 4,900, 4,895 to 89, 92. Kerbs: Standard: three months £4,885.

LEAD—Little changed in featureless trading. There was some covering of physical business, related to East European demand and forward metal opened at £304.5 and reached a high point of £305.5, before drifting to £304 on the Kerb. Turnover, 6,150 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	292.5-3	—.625	292.25-.5	—.625
3 months	304.75-5	—.375	304.5-05	+.25
S'ment	293	—.5	—	......
N.Y. Spot	—	......	*23-25	......

Morning: cash £293, three months £304.5, 5, 4.75, 5, 4.75, 5. Kerbs: three months £305 to 5.5, 5.25. Afternoon: cash £292.5, three months £305.5, 4.5. Kerb: late Oct. £304, three months £304.

ZINC—Slightly weaker. The price for forward metal mostly fluctuated between £451 and £454. There was a fair two way business but prices drifted in the afternoon under the influence of a lower Comex opening, with forward metal closing at £450.5. Turnover, 6,375 tonnes.

ZINC	a.m. Official	+ or —†	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	434.75-5	—1.25	433-.5	—1
3 months	452.25-.5	—1.75	450-1	—1.75
S'ment	435	—1.25	—	......
Prm. West	—	......	—	......

* Cents per pound. † On previous unofficial close. ‡ $M per picul.

Morning: cash £434.75, three months £452, 52.5, 52.25, 52.5. Kerb: three months £452.25, 52.5, 52. Afternoon: cash £433, three months £452.5 to 51. Kerb: three months £450.

SILVER

Silver was fixed 0.15p an ounce lower for spot delivery in the London bullion market yesterday, at 254.85p. U.S. cent equivalents of the fixing levels were: spot 453.8c, down 0.1c; three-month 459.5c, down 0.4c; six-month 468.3c, down 0.8c; and 12-month 480.4c, down 0.8c. The metal opened at 252½-253½p (449-451c) and closed at 254.8-255.8p (454-456c).

SILVER per troy oz.	Bullion fixing prices	+ or —	L.M.E. close	+ or —
Spot	254.85p	—0.15	254.65p	+1.55
3 months	262.85p	—0.35	262.75p	+1.10
6 months	271p	—0.6	—	......
9 months	—	......	273.5p	+1.5
12 months	287p	—0.8	—	......

LME—Turnover 289 (340) lots of 10,000 ozs. Morning: Cash 256.0; three months 263.5, 63.4, 63.3, 63.5, 63.4, 63.5, 63.8, 63.9, 64.0. Kerbs: Three months 264.0, 64.2, 64.3, 64.5, 64.9, 64.7. Afternoon: Three months 262.9, 62.8, 62.5, 62.6, 62.7, 63.0, 62.7, 62.6, 62.7, 62.8, 62.7. Kerbs: Three months 262.7, 62.6, 62.7, 62.8, 63.0.

FREIGHTS

DRY CARGO—Grain chartering on North European account at standstill, but in other directions modest business was arranged at steady rates. A contract was fixed for the shipment of 360,000 long tons grain from U.S. Gulf to Japan over Nov. 1976 to Sep. 1978 $11.50 f.i.o. for 1976 and 1977 and $13.50 for 1978.

Other grain bookings included two cargoes from U.S. Gulf to Alexandria $14 free discharge for spot and Aug. loading and U.S. Gulf to Venezuela at $10.50 f.i.o. for July/Aug. Elsewhere grain cargoes were covered from U.S. North Pacific to India $23 free discharge for Sept. and from River Plate to Poland $16 free discharge for Aug/Sept. In the ore section, cargoes were arranged from Lower Buchanan to Gijon $3.70 f.i.o. for Aug. and from Tubarao to Gijon at $3.55 f.i.o. also for Aug. Sugar shippers fixed a cargo from Eten-Pimental to U.S. Gulf at $13 f.i.o. for Aug. Timecharterers booked a vessel of 24,080 long dwt for six months' trading $4,150 daily delivery Balboa Aug.

COCOA

International Cocoa Agreement—(U.S. cents per pound). Daily 86.22 (84.34); 15-day average 88.50 (88.83); 22-day average 88.32 (88.35).

Prices recovered further in quiet conditions, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No5 C'ntr'et			
July	1142.0-44.0	+7.0	1144.0-33.0
September	1156.0-57.0	+7.0	1165.0-43.0
December	1124.0-25.0	+8.0	1132.0-11.0
March	1097.5-98.0	+5.25	1102.0-10.85
May	1071.5-72.0	+12.0	1072.0-60.0
July	1046.0-48.0	+12.5	1047.0-35.0
September	1010.0-28.0	+7.0	1027.0-17.0

Sales: 2,002 (2,455) lots of 10 tonnes.

COFFEE

Robusta futures closed slightly easier. Conditions generally in the physical market were quiet.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1315-1320	+32.50	1318
September	1325-1328	+16.50	1335-1307
November	1315-1316	+16.0	1335-1330
January	1305-1310	+15.0	1320-1282
March	1302-1305	+10.5	1315-1295
May	1300-1305	+10.0	1318-1310
July	1302-1310	+16.0	1308-1300

Sales: 1,137 (1,230) lots of 5 tonnes.

ICO Indicator prices (U.S. cents per pound)—Colombian Mild Arabicas 158.00 (155.00); other Mild Arabicas 133.50 (130.00); unwashed Arabicas Santos Fours 149.25 (same); Robustas 120.25 (118.25). Daily average 138.42 (138.87).

ARABICA CONTRACT (in order buyer, seller, business, sales)—Aug. buyer unquoted, 150.00, unquoted, nil. Rest unquoted.

RUBBER

SLIGHTLY STEADIER opening on the London physical market. Good demand throughout the day, closing on a firm note. Lewis and Peat reported a Malaysian godown price of 197 cents a kilo (buyer, August).

No. 1 R.S.S.	Yesterday's close	Previous day's close	Business done
Sept.	50.80-52.00	49.00-50.00	—
Oct.	52.00-54.00	—	—
Oct-Dec	54.00-55.80	52.75-53.50	55.50
Jan-Mar	56.25-56.80	54.85-55.05	56.80-54.90
Apr-Jne	58.40-58.50	57.00-57.05	58.75-57.00
Jly-Sept	60.10-60.25	58.80-58.00	60.25-58.25
Oct-Dec	61.25-61.50	60.05-60.45	61.55-60.45
Jan-Mar	61.50-61.70	60.20-60.75	—
Apr-Jne	60.25-61.00	58.20-58.50	—

Sales: 220 (167) lots of 15 tonnes.

Physical closing prices (buyers) were Spot 48.75p (47.0), Sept. 49.6p (48.5); Oct. 50.25.

SOYABEAN MEAL

Market opened easier on Chicago follow-through remaining steady at lower levels throughout the morning. In afternoon limit-down beans in Chicago forced London limit-down where on the re-open prices lifted a shade off the bottom, reports SNW Commodities.

	Yesterd'ys Close	+ or —	Business Done
	£ per tonne		
August	119.00-20.0	—4.0	120.00-19.00
October	124.70-25.5	—3.55	125.80-24.00
December	130.20-30.5	—4.10	131.80-28.50
February	133.00-34.0	—3.60	135.80-33.00
April	135.50-37.0	—2.00	—
June	137.00-42.0	—1.50	—
August	138.00-44.0	—1.0	—

Sales: 137 (117) lots of 100 tonnes.

GRAINS

THE BALTIC—Imported grains were generally dull with fresh business slow. Optional corn met a limited enquiry for early August transhipment to Leith. Prices for U.S. milling wheat tended easier, but other sections showed little change.

LONDON GRAIN FUTURES MARKET (GAFTA)—Wheat steady. Closing: Sept. 73.35, Nov. 76.30, Jan. 79.30, March 82.25, May 85.15. Business: 73.35-73.95, 76.55-75.60, 79.65-79.40, 82.45-82.60, 85.15-84.95. Sales: 135.

Barley, steady. Closing: Sept. 71.70, Nov. 74.80, Jan. 77.80, March 80.85, May 83.80. Business: 72.00-71.50, 75.05-74.40, 78.00-77.75, 81.10-80.60, 84.05-83.95. Sales: 173.

Wheat—U.S. Dark Northern Spring No. 2, Sept. £97 direct Tilbury, Sept. £101.25, Oct. £102.70, Nov. £104.50, Dec. £106.25, transhipment East Coast, tonnes. U.S. Hard Winter No. 2 Aug. £89.35, Sept. £90.65, Oct. £90.45, Nov. £94.85, transhipment East Coast, tonnes. EEC feed: July £75 long ton, Aug. £78.50 tonne East Coast and South Coast.

Maize—No. 3 Yellow American/French July £74 long ton, Aug. £74 tonne transhipment East Coast.

Barley—EEC Feed/Canadian July £71 long ton, Aug. £71 tonne East Coast.

SUGAR

LONDON DAILY PRICE (raw sugar) £170.00 (£172.00) a ton c.i.f. for July-Aug.-Sept. shipment. White sugar daily price was fixed at £197.00 (£200.00).

Selling on opening following the result of the tender held by Peru pushed prices down by some 500 points from the overnight levels. However, support emerged at the lower levels and by the mid-day close losses had been reduced to only 125 points. Prices held within the range established this morning for the remainder of the day until the final close when fresh selling left quotations at the lows, reports C. Czarnikow.

Sugar Pref Comm Con.	Yesterday's Close	Previous Day's Close	Business Done
	£ per ton		
Aug.	171.00-71.25	175.85-75.75	174.25-71.00
Oct.	178.75-79.0	182.50-82.50	182.75-78.95
Dec.	185.10-85.25	188.35-88.50	188.25-85.00
March	188.50-88.75	191.60-91.70	192.00-88.05
May	191.50-91.70	194.20-94.25	194.25-91.00
Aug.	191.00-95.00	194.25-94.75	193.00-92.00
Oct.	192.00-92.50	194.00-94.50	193.00-92.00

Sales: 2,858 (1,755) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £227.60 (same) a long ton for home trade and £239 (£232) a long ton for export.

EEC IMPORT LEVIES—White and raw denatured and non-denatured sugar effective to-day (previous in brackets). White 10.39 (10.10); Raw 8.99 (8.71).

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scottish killed sides 43.0 to 45.5. English hindquarters 55.0 to 58.0. Ulster hindquarters 55.0 to 58.0, forequarters 31.0 to 33.0. Eire hindquarters 55.0 to 58.0, forequarters 31.0 to 32.0.

Veal: English fats 48.0 to 52.0, bobbies 20.0 to 23.0, Dutch hinds and ends 72.0 to 74.0.

Lamb: English small 40.0 to 45.0, medium 40.0 to 43.0, heavy 39.0 to 42.0. Scottish medium 42.0 to 43.0, heavy 39.0 to 40.0. Imported frozen: N.Z. PL 39.0 to 39.5, PM 36.5 to 37.0, PH 32.5 to 33.0.

Pork: English, under 100 lbs 30.0 to 34.0, 100-120 lbs 30.0 to 34.0, 120-160 lbs 30.0 to 33.0, 160-180 lbs 28.0 to 31.0, 180 lbs and over 27, to 30.0.

COVENT GARDEN (prices, in sterling)—Imported produce: Oranges—S. African: 56/150 3.20-3.55. Lemons—S. African: 60/195 5.00-6.00; Italian: 100 4.80, 120 5.00; Californian: 5.00-5.50. Melons—Spanish: Yellow 1.50-2.00; Israeli: Ogens 3.50. Apples—Italian: Golden Delicious per pound 0.13; French: Per 28-lb 2.50, 20-lb 72 2.50-2.80, 84 2.20-2.50; Belgian: Golden Delicious per 26-lb net 2.20; New Zealand: Sturmer Pippin 5.20, Granny Smith 5.60; Tasmanian: Crofton/Democrats 5.50, Sturmer Pippin 5.20, Granny Smith 4.80-5.00; Western Australian: Granny Smith 5.50; S. African: Golden Delicious 4.50-5.00, Granny Smith 5.00-5.50. Pears—Victorian: Packham's Triumph 5.40; French: Guyots per 29-lb 2.20. Water-Melons—Spanish: 1.00-1.50; Greek: 1.00-1.50. Grapes—Cyprus: Per pound Sultana 0.20, Cardinal 0.20, Thompsons 0.33. Grapefruit—S. African: 27/88 2.50-3.75; Jaffa: 2.80-3.20. Peaches—Italian: A 1.90, B 1.80, C 1.50; French: 1.00-1.50. Plums—Spanish: Santa Rosa 4 1.40-1.50, Burbanks 5/7 1.00-1.30; Italian: Per 10-lb Coq d'Oro, per 20-lb Burbanks 2.50. Apricots—Hungarian: Per 6-kgs 1.90.

English produce: Apples—Per pound Bramley's Seedling 0.08-0.14, Grenadiers 0.07-0.09. Gooseberries—Per pound Levellers 0.16-0.24. Cherries—Per pound 0.30-0.50. Blackcurrants—Per ½-lb 0.10-0.15. Red Currants—Per ½-lb 0.10-0.12. Blackberries—Per 1-lb 0.28-0.30. Tomatoes Per box 12-lb 1.80. Cucumbers—Per box 1.30-1.40. Mushrooms—Per pound 0.25-0.50. Celery—Per 12/18 1.50. Lettuce—Per 12 1.50, cos 1.80. Carrots—Per bag 12½-kg 1.50. Beetroot—Per net 1.00-1.20. Peas—Per net 20-lb 2.00-2.20. Onions—Per 10-kg nets 1.80, 25-kg 4.80. Marrows—Per box 15/25 0.80-1.00. Potatoes—Per bag 2.80-3.00. Beans—Per pound 0.25-0.30.

MEAT COMMISSION—Average fatstock prices at representative markets on July 27. GB Cattle £29.78 per live cwt. (+0.32); U.K. Sheep 44.3p per pound e.d.c.w. (—0.2); GB Pigs £4.51 per sc.l.w. (+0.14). England and Wales—Cattle numbers up 8.9 per cent., average £28.53 (+0.38); Sheep up 15.8 per cent., average 44.5p (+0.2); Pigs up 10.5 per cent., average £4.51 (+0.14). Scotland—Cattle up 4.0 per cent., average £29.49 (+0.10); Sheep up 4.1 per cent., average 41.1p (—2.2); Pigs up 36.8 per cent., average £4.52 (+0.03).

WOOL FUTURES

LONDON—Market dull and featureless in front of local holiday period, reports Bache.

(Pence per kilo)

Australian Greasy Wool	Yesterd'ys close	+ or —	Business Done
July	220.0-22.0	—0.50	
October	222.5-23.0	—0.25	223.0
December	230.5-31.0	—0.50	231.0
March	241.0-42.0	—0.50	—
May	250.0-50.5	—0.25	250.0
July	256.0-61.5	—0.25	—

Sales: 15 (30) lots of 1,500 kilos.

SYDNEY GREASY (in order, buyer, seller, business, sales)—Oct. 289.7-290.0, 289.7-289.0, Dec. 297.8-298.0, 298.0-297.1, March 307.7-308.0, 309.0-307.3, May 313.0-313.5, 314.0-312.5. Sales: 259.

VEGETABLE OILS

LONDON PALM OIL—Amid a very confused situation on the physical market and with Chicago still recording limit-down moves, sellers and buyers have been very cautious. Prices were again marked lower in very quiet trading conditions, reports Faure Fairclough. Closing: Oct. 233-229½, Dec. 235-234, Feb. 236-234, April 237-235, June 238-237, Aug. 242-238, Oct. 244-240. Sales 2 lots of 50 tonnes.

JUTE

DUNDEE—Quiet. Prices c. and f. U.K. for August-September shipment. BWB £224, BWC £210, BWD £201. Tossa BTB £225, BTC £211, BTD £203. Calcutta goods steady. Quotation c. and f. U.K. for July shipment. 10 ounce 40 inch £8.02, 7½ ounce £6.04, per 100 yards. £8.02, £6.04 August £8.04, £6.06, Sept. "B" twills, £22.95, £23.15, £23.44 for the respective shipment periods. Yarn and cloth prices firm.

CC

LONDON—Steady. Bangladesh White "C" grade July-Aug. $380. Bangladesh White "D" grade July-Aug. $362. A long ton.

CALCUTTA—Quiet. Indian spot Rs.455 Dundee Daisee spot Rs.425 values. A bale of 400 lbs.

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COPRA—Philippines (per tonne): Sept.-Oct. $300 resellers North European ports.

INDONESIA SEEKS THAI RICE

BANGKOK, July 27.

AN INDONESIAN buyer has arrived here to negotiate with the Thai Government to buy 100,000 tonnes of white rice, trade sources said.

Meanwhile, India has signed agreements to buy 200,000 tonnes of parboiled rice of which 140,000 tonnes have been delivered. The price of the balance will be discussed shortly.

Reuter

★

HIDES—Birmingham Steady with large quantities unsold. Second clear ox 31-35½ kilos. 58p per kilo; 26-30½ kilos 54p; 22-25½ kilos withdrawn 53.6p. Light cows 57.5p. No calf offered.

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GRIMSBY FISH — Supply good, demand good. (Prices at ships side unprocessed per stone.) Shelf cod £2.40-£2.50; codlings £2.00-£2.40; shelf haddock large £2.60-£3.00, medium £2.30-£2.70, small £1.20-£1.80; large plaice £4.00, medium £4.00-£4.30, best small £3.60-£3.50; skinned dogfish (medium) £6.20; lemon soles £4.50-£5.30; rock fish £1.20-£1.50; reds £1.40-£1.80; saithe £1.10-£1.30.

PRICE CHANGES

Prices per ton unless otherwise stated.

	July 27 1976	+ or —	Month ago
Metals			
Aluminium (x)	£526.6	......	£456
Free Market (cif)	$950-970	......	$920-945
Copper			
Cash Wire Bars (x)	£915.75	+1.0	£895
3 months do. do.(x)	£949.5	+1.25	£927.25
Cash Cathode (x)	£904.25	+1.25	£882.5
3 months do. do.(x)	£938.5	+1.5	£915
Gold ...... Troy oz.	$114.125	+1.375	$125.625
Lead Cash (x)	£292.375	—0.625	£269.75
3 months (x)	£304.75	+0.25	£281.25
Nickel (x)	£4,002		£2,778
Free Market (cif)(lb)	$2.08-2.16	......	$2.05-.22
Platinum (b) troy oz.	£103-108		£94.5-100
Free Market	£91.6	—0.4	£96.7
Quicksilver (76lb)(r)	$80-85		$83.88
Silver Troy oz.	254.85	—0.15	264.25p
3 months	262.5	—0.35	272.75p
Tin Cash (x)§	£4780	5.5	£4,427.5
3 months (x)	£488.5	+5.0	£4,556.5
Wolfram 22.04lb. cif	£65-84		£62-65.5
Zinc Cash (x)§	£433.25	—1.0	£419
3 months (x)	£450.5	—1.75	£435.375
Producers (x)	$795		$795
Oils			
Coconut Malayan	‡		
Groundnut			
§	£452	—5.0	£419
Linseed Crude (x)	‡		£417
Palm Malayan (x)	$400	—15.0	$405
Soyabean (x)	‡		‡
Seeds			
Copra Philipp (x)	$300	—10.0	$270
Gr'nuts Nigerian	‡		‡
Linseed Can No. 1	£198.25	—1.75	£205
Grains			
Barley EEC	£71		£73.75
Home Futures	£71.7	+0.2	£75
Maize			
French No.3 Am.	£74		£75
S.A. Yellow	‡		‡
Wheat			
No. 1 Red Spring	†		‡
No.2 Hard Winter	£89.35	—1.85	‡
Australian (f.a.q.)	‡		‡
English Milling	£78.5		£81.5
Cocoa shipment (x)	£1285.5	+9.0	£1,351
Futures Sept. (x)	£1156.5	+8.5	£1,187.5
Coffee shipment (c)			‡
Futures Sept (x)	£1326.5	+16.5	£1,575
Cotton 'A' Index cent	88.15*	+0.15	86.8*
Jute LJABWC (d)	$380		$380
Rubber kilo	48.75p	+1.75	50
Sisal EA 3L (x)	$600		$600
Sugar (Raw)	£170	—2.0	£180
Wooltops 64s kilo	270p		262
Cloves (Madagascar)	£3,550		£3,350
Pepper White ...ton	£1,120		£1,140
Black ...ton	£935		£945

* Nominal. † Seller. ‡ Unquoted. § Unofficial close. ♣ Indicative price. a Seller's quotation. b U.K. and Commonwealth refined. c Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. d Bangladesh white "C." h Jan.-March. r Sept. x Metric tons.

FINANCIAL TIMES

July 27	July 26	Month ago	Year ago
230.19	228.34	232.64	179.64

(Base: July 1, 1952=100)

REUTER'S

July 27	July 26	Month ago	Year ago
1510.9	1513.1	1535.8	1149.1

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	July 27	July 26	Month ago	Year ago
Spot	344.25	345.64	367.01	320.70
Futures	353.24	354.51	353.39	295.93

(Average 1924-25-26=100)

MOODY'S

Moody's	July 27	July 26	Month ago	Year ago
Sple Comm'ty	847.8	851.8	879.9	795.5

(December 31, 1931=100)

★

COTTON—Liverpool—Spot and shipment sales amounted to 563 tonnes, bringing the total for the week so far to 908 tonnes. Useful support was again forthcoming from spinners. Forward interest was shown in a variety of styles, including North and South American, Turkish and Iranian qualities.

U.S. Markets

Copper and silver hold steady

NEW YORK, July 27.

SOYABEANS finished at and near limit-down as sellers found a lack of commercial support. Copper and silver closed steady following London on light speculative short covering and European arbitrage buying. Coffee finished higher on trade buying outweighing Commission House selling. Sugar finished lower on Commission House selling. Cocoa was firm on Commission House buying touching stops, Bache reports.

Cocoa—Ghana spot 106¼ (103). Bahia spot 99½ (95½). Sept. 91.25 (87.65). Dec. 88.25 (84.50), March 85.10, May 82.60, July 80.10, Sept. 77.60, Dec. 74.60. Sales: 1,634.

Coffee—"C" Contract: Sept. 134.00-134.10 (132.35), Dec. 130.00-129.80 (128.90), March 127.25-127.00, May 128.00, July 128.50. Sales: 652.

Copper—July 74.80 (73.70), Aug. 74.80 (73.70), Sept. 75.40, Dec. 77.20, Jan. 77.70, March 78.90, May 79.80, July 80.70. Sales: 3,500.

Cotton—No. 2: Oct. 76.50 asked (78.50), Dec. 76.47 asked (78.47), March 77.10 asked, May 77.30 asked, July 75.90 asked, Oct. 68.60-68.80, Dec. 65.06. Sales: 3,580.

ΦGold—July 112.90 (116.80), Aug. 113.10 (112.10), Sept. 113.70, Oct. 114.30, Dec. 115.40, Feb. 116.70, April 118.00, June 119.40, Aug. 120.80, Oct. 122.30. Sales: 1,419.

Greasewool—Spot 180.0 (same). Oct. 180.0-186.0 (183.0), Dec. 182.0-184.0 (182.5), March 182.0-184.0, May unquoted.

†Lard—Chicago loose 22.00 offered (20.25). NY prime steam 21.50 nom. (same).

††Maize—Sept. 280-280½ (279.38), Dec. 269½-269¼ (270), March 278½-278, May 283½, July 289.

‡Platinum—Oct. 169.80 (166.50), Jan. 172.50 (169.70), April 174.60, July 178.00, Oct. 181.70. Sales: 513.

‡‡Silver—Spot 457.00 (453.50). July 457.60 (451.80), Aug. 457.60 (452.00), Sept. 460.50, Dec. 466.60, Jan. 468.90, March 473.60, May 478.50, July 483.40, Sept. 488.40. Sales: 8,590.

*Soyabeans—Aug. 623-622 (640½), Sept. 626-625 (648), Nov. 635-638, Jan. 643, March 650-650½, May 653, July 656.

bSoyabean Meal—Aug. 182.50-184.00 (182.30), Sept. 184.50-185.50 (184.60), Oct. 187.00, Dec. 189.00-186.50, Jan. 191.50, March 192.00, May 194.00-194.50, July 196.00-197.00.

Soyabean Oil—Aug. 18.70-18.50 (19.15), Sept. 18.75-18.77 (19.30), Oct. 18.85, Dec. 19.10-19.05, Jan. 19.15, March 19.25, May 19.35, July 19.35-19.45.

Sugar—No. 11: Spot 12.50 (12.75). Sept. 13.45-12.54 (12.78), Oct. 12.88-12.82 (13.15), Jan. 13.00, March 13.38-13.35, May 13.40-13.38, July 13.41, Sept. 13.39, Oct. 13.39-13.41. Sales: 4,669.

Tin—390.00-391.60 asked (390.00-395.00 asked).

**Wheat—Sept. 349-349½ (345½), Dec. 363-362½ (361½), March 374½-375, May 381, July 384.

WINNIPEG, July 27. ††Rye—July 287½ bid (285 bid), Oct. 284½-286 bid (281½-281½), Nov. 282, Dec. 289½ asked.

cOats—July 133 (135½ bid), Oct. 132½ asked (135½ asked), Dec. 132½ bid.

§Barley—July 209 bid (208½ bid), Oct. 209½ (208), Dec. 210 bid.

dFlaxseed—July 740 (742 bid), Oct. 748-749 (755½), Nov. 751 asked, Dec. 759 asked.

Wheat—SCWRS 13.5 per cent. protein content c.i.f. St. Lawrence 450½ (same).

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. Φ $'s per troy ounce—100-ounce lots. † Chicago loose $'s per 100 lbs —Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡ Cents per troy ounce ex-warehouse. b New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ‡ $'s per troy ounce for 50-ounce units of 99.5 per cent. purity delivered NY. ** Cents per 60-lb bushel in store. †† Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. c Cents per 34-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots.

STOCK EXCHANGE REPORT

No follow-through to modest technical rally in equities

Index 2.0 up at 372.7—NatWest 'rights' weakens Banks

Account Dealing Dates

Option *First Declara- Dealings	tions	Last Dealings	Account Day
July 12	July 22	July 23	Aug. 3
July 26	Aug. 5	Aug. 6	Aug. 17
Aug. 9	Aug. 19	Aug. 20	Sep. 1

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The two main sectors of stock markets, British Funds and equities, staged a slight technical rally yesterday after the previous two-day setback. Although there were still few signs of any real interest in markets generally, dealers reported one of the most active days for some time in Bank shares following news of the £66m. "rights" issue from National Westminster, down 10 at 215p, which prompted a severe setback in the sector. Falls ranging to around 15 were reflected in the F.T.-Actuaries index for the section which lost 6 per cent. to 147.51 compared with a fall of only 0.4 per cent., to 153.65, in the All-Share index.

After an initial bout of uncertainty at the opening on the National Westminster announcement, leading equities went better on bear closing. However, once this had finished there was *no follow-through support* and final quotations were a penny or so below the best. Up 3 points at the day's highest at noon, the F.T. 30-share index closed 2 points better on balance at 372.7 after the two-day reaction of 11.7.

Elsewhere, Hambro Life got off *to a disappointing debut, opening* at the issue price of 235p and falling away to close at 220p, while there was disappointment also with the poor response to the Molins issue. Bid situations continued to provide the odd feature but prices generally presented a mixed appearance with falls having the edge over rises by 3-2 in F.T.-quoted Industrials. Official markings of 4,576 compared with 4,472 on *Monday and 4,861 a week ago.*

Gilts better

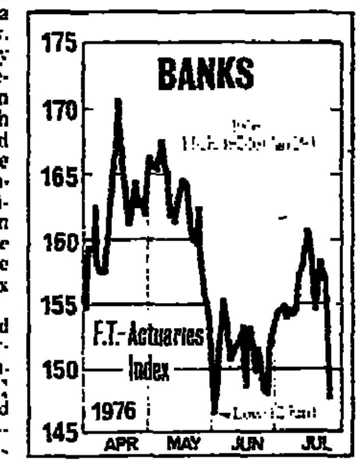
With Gilt-edged securities beginning to look oversold after Monday's reaction, prices staged a technical recovery yesterday. Gains at the short-end generally ranged to ⅛, but an above-average rise of ⅜ was recorded in Treasury 9 per cent., 1980, which is due to be quoted ex dividend to-day. There was *very little* business taking place, with conditions remaining thin and sensitive. This was also the case in *the mediums and longs where* closing rises ranged to ¼. The Government Securities index improved 0.17 to 61.85.

Very quiet conditions prevailed in the investment currency market and the premium moved within a narrow range of 102¼ and 101¾ per cent. before closing unaltered on balance at 102¼ per cent. Yesterday's SE conversion factor was 0.7239 (0.7225).

Hambro Life Assurance made a poor showing in *first-time dealings* yesterday; after opening at the offer-for-sale price of 235p, the 25p shares retreated to close just a shade above the worst at 220p, after 219p, following an active trade.

Big four weak

The banking sector provided the stock market with its main talking point yesterday. The not entirely unexpected announcement from National Westminster that the group intend to raise £66m. by way of a rights issue (which accompanied the interim figures) resulted in prices of the big four falling sharply in busy two-way trading. National Westminster fell away steadily to touch 212p before closing 10 down on balance at 215p. Barclays, the last to report half year figures to-morrow, lost 15 to 265p, after 262p, while Lloyds fell 16 to 207p, after 202p, and Midland receded 14 to 263p, after 262p. Elsewhere, the bearish interim statement upset Hongkong and Shanghai, which were sold down



to a 1976 low of 287p, a fall of 11. Grindlays, on the other hand, rose 6 to 42p in the late trade in response to the better-than-expected first half results which *disclosed a strong swing* back to profitability. Among Merchant Banks, the disappointing market debut of its assurance subsidiary Hambro Life, left Hambros 7 down at 188p. Hire Purchases eased throughout with Cattles 2½ lower at 17½p and Lloyds and Scottish similarly off at 39p.

After the previous day's fall of 13 which followed news that the group are negotiating with Wigham Poland with a view to a possible merger, Leslie and Godwin lost 4 more to 106p following adverse comment on the proposed deal. Other brokers tended easier. Composite Insurances were also a shade easier for choice.

Little of interest took place in Breweries, *which closed* a shade firmer for choice. Tollemache and Cobbold did well at 95p, up 5. Elsewhere, Distillers were a shade harder at 130p. Glenlivet held steady at 185p awaiting to-day's interim results.

Among quiet Buildings, Taylor Woodrow responded to better-than-expected interim figures with a rise of 2 to 254p. Y. J. Lovell closed a penny better at 52p following news of the proposed "rights" issue which accompanied the half-yearly report. British Dredging hardened 2 to 23p on fresh bid speculation. Ellis and Everard, however, *declined 3 to* 93p, while Timbers had May and Hassell 4 cheaper at 66p.

After easing to 350p initially, ICI *recovered to close 2 better* on balance at 353p. Other Chemicals were generally easier where changed. Hoechst reacted 8 to 442p, while Fisons, 347p, and Lankro, 114p, lost 3 and 4 respectively. Among the smaller-priced issues, Bernard Wardle, 14½p, and British Tar Products, 31½p, both closed a penny easier.

Reyrolle improve

After Monday's setback, leading Electricals fluctuated a little in idle trading before closing barely changed. However, buyers were showing rather more interest *in Reyrolle Parsons*, which closed with a net gain of 3 at 119p, after 120½p. Elsewhere, Crellon followed Monday's decline of 2 on the sharp profits setback and *dividend* cut with a further reaction to a low for the year of 24p, before rallying to 26p to leave a fresh net loss of a penny.

Stores moved narrowly in quiet trading. Marks and Spencer, 99p, and House of Fraser, 83p, both closed a penny better. UDS, however, finished a penny easier at 70p following the chairman's review of prospects at the annual meeting. Readicut International shaded 1½ to 25p, while W. H. Smith "A," 356p, and A. G. Stanley, 82p, gave up 4 and 5 respectively. Steinberg eased 2 to 11p as did Allied Retailers to 92p. Higher dividend and increased profits failed to enthuse Custo-magic Manufacturing, which closed without alteration at 15p.

GKN, 3 better at 306p, led the modest *technical* rally among the Engineering majors. Elsewhere, Fairey recovered an early fall of 2 to close unaltered at 74½p following the good results, while recent bid favourite Weyburn continued to improve at 344p, up 6. British Northrop added 3 *at 80p as did Simon to 120p.* Herbert Morris, however, were friendless at 110p, down 4, and a similar fall was recorded in Bir*mingham Mint at 36p.*

Manbre and Garton moved back into the limelight in Foods, closing 14 better at the day's best of 172p following a good two-way business prompted by rumours of an imminent statement about the Tate and Lyle (2 harder at 240p) bid approach; news from Manbre and Garton that a statement was not planned and that no other approaches had been made since the original move by T. and L. *had* no apparent effect on sentiment. Fitch Lovell shed 2 to 50p ahead of to-morrow's preliminary figures. Hotels and Caterers were *noteworthy for a fall of* 4½ points to £49 in J. Borel. Centre Hotels (Cranston) finished a shade cheaper at 21p following expansion news.

MY Dart retreat

Miscellaneous Industrial leaders put up a steadier performance *in* quiet trading after Monday's setback. Beecham, 366p, after 364p and 368p, and Glaxo, 380p, after *385p, both closed unaltered* on balance, but Reckitt and Colman ended 3 cheaper at 333p, after 330p. Elsewhere, MY Dart featured by retreating 12 to 41p, after 37p, on news that the bid talks with Lesney Products had proved abortive; the latter ended unaltered at 61p, after 63p. After *Monday's gain of 4 on the company's strong defence against the* offer from Pilkington, U.K. Optical reacted to 156p and closed 4 off on balance at 160p on fears that the offer will fail or be referred to the Monopolies Commission; Pilkington held steady at 315p. James Warren receded 4 to 70p, *but Whitecroft Industrial, helped* by Press comment on the "rights" offer news, recovered 4½ to 93½p.

Motors and Distributors became steadier. Lucas rallied 3 to 212p, while Dunlop, 84, and Lex Service, 31½, put on a penny apiece. Press comment directed fresh atention to British Car Auction, which also closed a penny harder at 53p. Dowty held at 148p despite the announcement of three big orders in North America to supply Longwall mining equipment worth more than £2m. Pennine Motor, however, shed ½ to 5½p; it was announced yesterday that the company's accounts for the year ended January 31, 1976, will not be ready until the beginning of October.

Thomson Organisation returned to favour in Newspapers and Papers, rising 9 to a 1976 peak of 295p in active trading on fresh speculation about the company's North Sea oil involvement.

Peachey Prop. higher

Leading Properties *generally* closed firmer where changed, but Land Securities, after Monday's loss of 5, ended 2 lower at 159p, *after 162p. MEPC picked up 2 to* 72p and English Property 1½ to 31½p, while British Land finished a penny harder at 32p. Elsewhere, Peachey Property continued to meet take-over speculation and improved 2½ more to a peak for the year of 54p, making a two-day rise of 6½p. Regional Properties were also bought on bid hopes and the Ordinary moved ahead 7 to 47p and the "A" 4½ to 44½p. Others to meet speculative attention were Argyle Securities, 39p, and Winston Estates, 26p, both of which ended around 2 higher. A recent reactionary market on fading hopes *of Welfare Insurance increasing* its 80p cash offer, Keith and Henderson held steady at 77p; the price in yesterday's issue was incorrect.

The Oil leaders opened on a firmer note, but subsequently returned to an easier tack on meeting further small selling. British *Petroleum, 385p, after 390p, and* Shell Transport, 422p, after 426p, both finished a net 2 cheaper, while Royal Dutch, mainly on investment premium influences, ended ¼ lower at £36¾. Burmah, however, managed to close unaltered at 43p, after moving a penny either way, while elsewhere, *Ultramar finished a shade* firmer at 125p and Tricentrol added 2 at 60p. Siebens Oil and Gas (U.K.), 153p, recouped 5 of the previous day's fall of 17. In Overseas issues, Compagnie Francaise Petroles stood out with a reaction of 1½ points to £17¾.

Overseas Traders showed little *inclination to stir from overnight* levels. After the previous day's gain of 2 on the sugar estates deal with the Governments of Benin and Nigeria, Lonrho managed to finish a penny higher at 70p, after 71p. Inchcape, following the previous day's fall of 10, held steady at 385p awaiting to-morrow's annual results.

Trusts and Financials took on more of a mixed appearance. A dull market of late on the *disappointing* results and substantial write-down in asset values, *Rothschild picked up 3 to 223p,* while Scottish Western rose 4 to 64p. In front of to-day's results, Hambro Trust cheapened 3 to 24p. *Dalgety declined 4 more to 236p.*

A firmer trend developed in Shippings. P & O Deferred rallied 3 to 104p and Furness Withy revived with an improvement of 5 at 178p, after 179p. Small speculative buying left Reardon Smith 5 up at 200p and the "A" 4 better at 64p.

Courtaulds, a dull market of late on the chairman's warning on profits at last week's AGM, took a turn for the better in Textiles, *improving 2 to 122p, after 123p.* Stirling Knitting, on the other hand, lost that much to 13p on the disappointing results.

Bat Industries' Ordinary and Deferred shares *again attracted a* fair amount of interest yesterday; the former closed unaltered at 273p, after extremes of 275p and 270p, while the latter ended 2 better at 213p.

South African Industrials had Tiger Oats 10 better at 425p and O.K. Bazaars "A" 15 higher at 415p.

Awaiting further developments following Monday's news of the approach from sources resident in *India, Assam Frontier* rose 5 more to 145p, making a two-day advance of 22 in Teas. Hopes of a higher offer being made for Central Province Ceylon Tea by Anglo-Indonesian helped the former edge forward a shade more to 11½p.

Golds rise afresh

It was another good day for both Gold and shares of the metal's producers. The further improvement in the bullion price to $114.125 an ounce, a day's gain of $1.375, caused jobbers to mark up share prices although business was again only *modest*. Small U.S. offerings in late [illegible] tended to leave them a [illegible] the day's highest, but [illegible] still substantial, the G[illegible] index being 4.8 higher a[illegible]

Rises in the heavyweights ranged to over a point a[illegible] Driefontein (£18½), while [illegible] 2 were registered by [illegible]fontein (£16¾) and West[illegible]ings (£14¼). The margin[illegible] which lost considerable [illegible] Monday following adve[illegible] end Press comment, [illegible] sharply. East Rand P[illegible] advanced 20 to 365p and regained all and more of [illegible] fall, being 15 better at [illegible]

Financials mirrored [illegible] "Amgold" rose a half [illegible] £13¾ and General Mining [illegible] to £15. Following the merger news Union C[illegible] gained 3 to 245p bu[illegible] Investments lost 10 to [illegible] Investments, which has [illegible] a further fall in [illegible] profits, rose 5 to 165p.

The London-based [illegible] houses were additional[illegible] by the firmness of U[illegible] trials. RTZ were 3 high[illegible] and Gold Fields a simil[illegible] better at 135p. Copper[illegible] were barely changed [illegible] Platinums.

Rhodesians shrugged [illegible] of fresh guerilla act[illegible] moved ahead. The high[illegible] price resulted in Corona[illegible] 7 up at 82p while Wan[illegible] to 33p.

Australians were idl[illegible] trading. Elsewhere, Ca[illegible] were 30 to the good at [illegible]

FINANCIAL TIMES STOCK INDICES

—	July 27	July 26	July 23	July 22	July 21	July 20
Government Secs.	61.85	61.68	62.31	62.48	62.38	62.61
Fixed Interest	61.48	61.68	62.17	62.17	62.24	62.29
Industrial Ordinary	372.7	370.7	378.4	382.4	382.3	386.5
Gold Mines	121.1	116.3	115.0	117.7	121.9	108.[illegible]
Ord. Div. Yield	5.91	5.94	5.82	5.77	5.77	5.7[illegible]
Earnings Yld.% (full)	17.22	17.39	16.94	16.80	16.79	16.2[illegible]
P/E Ratio (net) (*)	8.60	8.57	8.74	8.86	8.87	9.1[illegible]
Dealings marked	4,576	4,472	4,960	4,515	4,611	4,86[illegible]
Equity turnover £m.	—	44.11	49.36	55.10	64.20	38.7[illegible]
Equity bargains total	—	11,016	11,860	9,535	10,378	10,9[illegible]

10 a.m. 370.2. 11 a.m. 371.0. Noon 371.7. 1 p.m. 372.9. 2 p.m. 372.2. 3 p.m. 372.6.

Latest Index 01-246 8026.

a Based on 52 per cent. corporation tax. b Nil=5.53.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21	60.19	127.4	49.18
Fixed Int.	64.43	59.75	150.4	50.53
Ind. Ord.	420.8	364.7	543.6	49.4
Gold Mines	246.9	108.8	442.3	43.5

S.E. ACTIVITY

—	July 2[illegible]
Daily Gilt Edged	160.[illegible]
Industrials	140.[illegible]
Speculative	34.[illegible]
Totals	104.[illegible]
5-day Average Gilt Edged	158.[illegible]
Industrials	145.[illegible]
Speculative	46.4
Totals	104.[illegible]

RISES AND FALLS YESTERDAY

British Funds
Corpns., Dom. and Foreign Bonds
Industrials
Financial and Prop.
Oils
Plantation
Mines
Recent Issues
Totals

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section. Tuesday, July 27, 1976.

	Groups & Sub-sections	Index No.	Day's Change %	Est. Earnings Yield % (Max. Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Monday July 26 Index No.	Friday July 23 Index No.	Thurs July 22 Index No.	Wed. July 21 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	139.96	-0.1	17.51	6.52	8.61	8.53	139.85	142.45	144.41	144.64	107.82	160.06 (21/4)	137.18 (2/6)	206.37 (4/5/72)	50.17 (13/12/74)
2	Building Materials (30)	121.23	-0.5	16.37	7.63	9.26	9.26	121.64	123.91	125.82	125.50	90.34	150.18 (15/1)	121.23 (27/7)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	179.12	-0.1	21.47	6.15	7.35	7.35	179.55	181.06	186.81	186.74	137.59	260.20 (15/1)	179.12 (27/7)	389.33 (19/5/72)	71.48 (2/12/74)
4	Electricals (16)	260.33	-0.4	16.95	5.10	8.82	8.58	259.38	266.17	270.45	272.59	206.57	287.30 (21/4)	245.72 (2/6)	350.04 (4/5/72)	86.71 (25/6/62)
5	Engineering (Heavy) (13)	172.50	-0.7	23.34	7.12	6.68	6.68	171.30	175.80	179.82	179.69	129.94	193.18 (5/2)	161.88 (2/6)	202.57 (8/5/73)	94.45 (1/2/76)
6	Engineering (General) (63)	131.31	+0.2	17.81	6.83	8.34	8.34	131.05	133.05	134.10	134.56	94.36	149.29 (3/5)	125.48 (2/1)	168.59 (4/5/72)	45.14 (6/1/75)
7	Machine and Other Tools (9)	58.63	+0.3	17.97	7.55	8.41	8.39	58.48	58.84	59.57	59.57	38.48	60.62 (3/6)	51.19 (2/1)	136.70 (4/1/66)	19.96 (1/12/74)
8	Miscellaneous (25)	128.64	-0.4	14.52	6.78	10.39	10.09	129.12	131.18	132.21	131.63	97.67	141.94 (11/5)	121.53 (2/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	122.23	+0.3	17.64	5.62	8.49	8.47	121.87	123.22	124.95	124.94	81.98	141.46 (21/4)	116.86 (2/6)	227.78 (21/4/72)	58.39 (6/1/75)
10	Lt. Electronics, Radio TV (15)	132.92	-0.5	16.14	4.33	9.13	9.12	132.31	133.49	136.04	136.51	95.83	160.35 (7/4)	128.75 (2/6)	257.41 (15/5/72)	42.85 (13/12/74)
11	Household Goods (13)	154.87	-0.9	20.62	7.75	7.41	7.59	156.28	157.86	159.05	158.09	126.21	187.22 (1/4)	154.87 (27/7)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (25)	78.65	-0.5	18.77	6.75	8.06	8.03	78.28	79.41	80.12	79.89	43.12	86.16 (5/5)	70.05 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	143.50	+0.1	15.02	6.65	10.07	9.93	143.38	146.44	147.56	146.69	119.62	162.24 (4/2)	138.95 (2/6)	226.08 (16/1/72)	61.41 (13/12/74)
14	Breweries (15)	162.49	-0.4	14.52	7.01	10.31	10.31	161.76	163.40	166.45	165.85	134.28	179.43 (3/2)	147.99 (2/6)	281.97 (21/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	160.70	-0.7	14.57	6.79	10.51	10.51	159.55	161.77	163.98	162.89	136.79	190.67 (5/5)	159.55 (26/7)	257.40 (19/7/72)	78.71 (13/12/74)
16	Entertainment, Catering (14)	171.16	-0.6	14.20	7.77	10.87	10.77	170.13	172.40	174.98	174.59	138.13	211.26 (2/5)	156.17 (2/6)	329.99 (12/12/72)	54.87 (19/7/74)
17	Food Manufacturing (22)	156.63	—	16.86	5.64	9.03	8.96	156.68	159.38	160.33	159.88	126.89	179.44 (11/5)	156.63 (27/7)	211.65 (15/5/72)	59.78 (11/12/74)
18	Food Retailing (16)	128.79	-0.1	13.80	5.93	10.59	10.59	128.95	131.45	133.25	132.75	117.74	150.05 (12/4)	126.86 (2/6)	235.08 (16/2/72)	54.25 (11/12/74)
19	Newspapers, Publishing (16)	178.85	+1.1	11.78	5.86	13.05	13.05	176.84	176.76	177.69	177.61	119.50	184.34 (11/5)	157.01 (2/6)	250.29 (12/1/72)	55.08 (6/1/75)
20	Packaging and Paper (12)	98.67	-0.1	16.56	7.66	9.29	9.29	98.77	100.68	102.51	102.00	80.98	112.50 (26/2)	94.92 (2/6)	135.69 (25/4/72)	43.46 (6/1/75)
21	Stores (34)	117.95	-0.5	13.03	5.93	11.82	11.80	118.56	120.18	121.86	120.88	102.59	136.24 (2/2)	113.17 (2/6)	204.39 (16/2/72)	52.63 (6/1/75)
22	Textiles (23)	142.22	+0.6	11.03	8.07	13.10	10.76	141.43	144.63	148.12	147.85	120.70	183.19 (30/1)	141.43 (26/7)	253.72 (1/9/68)	62.66 (11/12/74)
23	Tobaccos (3)	219.64	+0.2	19.43	7.86	7.73	7.73	219.15	221.60	224.07	223.18	178.82	241.89 (5/5)	211.36 (6/4)	339.16 (26/2/72)	94.34 (15/6/62)
24	Toys and Games (6)	76.76	+1.0	19.66	7.80	6.61	6.78	76.05	78.04	78.35	78.18	40.71	80.95 (16/7)	59.13 (22/1)	155.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (96)															
25	Chemicals (26)	208.58	+0.1	13.14	5.41	11.54	11.54	208.48	212.19	214.87	213.04	159.69	231.38 (3/5)	199.45 (6/1)	231.38 (3/5/76)	71.20 (1/12/74)
26	Office Equipment (9)	89.30	-0.2	13.11	5.83	11.26	11.26	89.11	90.89	92.57	92.15	75.25	100.18 (19/5)	85.09 (2/1)	246.06 (1/9/72)	46.34 (2/1/75)
27	Shipping (12)	374.78	+2.3	13.29	6.87	10.92	9.93	366.31	379.87	386.00	381.58	327.29	432.64 (30/1)	355.52 (19/5)	517.00 (6/12/72)	90.80 (29/6/62)
28	Miscellaneous (49)	148.12	-0.2	15.16	7.70	9.84	9.82	148.49	150.71	152.96	152.18	121.82	172.98 (21/4)	148.12 (27/7)	258.83 (4/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	147.66	-0.1	15.24	6.43	9.79	9.69	147.50	149.90	151.94	151.39	118.07	166.38 (3/5)	143.68 (2/6)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	350.50	-0.4	12.21	4.68	9.47	8.76	351.90	355.94	359.10	356.79	266.20	395.84 (20/5)	331.54 (16/2)	431.66 (28/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	164.37	—	14.76	6.16	9.74	9.53	164.32	166.88	169.02	168.33	130.38	183.00 (3/5)	161.90 (2/6)	227.95 (18/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	123.66	-2.4	—	6.08	—	—	126.65	128.60	129.08	128.16	116.45	153.46 (30/1)	118.52 (2/6)	241.41 (1/4/72)	55.88 (13/12/74)
33	Banks (6)	147.51	-6.0	22.68	5.87	6.78	6.78	156.97	158.23	156.35	154.67	133.95	192.16 (28/1)	146.38 (2/6)	288.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (10)	147.17	+0.1	—	9.40	—	—	147.06	148.91	150.34	151.84	142.07	186.62 (15/1)	147.06 (26/7)	293.13 (2/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	85.54	-2.6	—	7.59	—	—	87.82	87.74	88.99	89.07	88.99	132.10 (26/2)	85.54 (27/7)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	105.29	-0.7	—	6.91	—	—	104.06	106.89	108.37	106.86	98.89	129.46 (30/1)	95.91 (2/6)	194.46 (16/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	96.72	-0.6	—	7.26	—	—	97.32	99.89	100.74	100.72	98.19	119.75 (30/1)	92.03 (10/6)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance Brokers (9)	230.75	-2.7	10.69	4.81	13.82	13.82	237.05	240.98	242.45	239.85	184.83	276.90 (11/5)	218.26 (5/1)	276.90 (11/5/76)	65.86 (16/12/74)
39	Merchant Banks (16)	71.28	-0.9	—	7.84	—	—	71.91	72.49	73.30	73.10	78.85	93.83 (27/1)	69.78 (2/6)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	164.73	-0.2	5.62	3.30	51.84	52.59	165.06	166.67	168.77	167.18	142.96	194.67 (30/1)	144.37 (2/6)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (6)	71.23	-1.0	18.00	8.67	8.59	8.59	70.52	70.06	70.86	70.26	63.63	91.98 (6/2)	68.44 (8/7)	303.13 (18/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	145.06	+0.2	3.67	5.22	28.18	28.18	144.73	147.66	149.26	149.82	149.42	184.55 (30/1)	141.96 (2/6)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	153.65	-0.4	—	6.10	—	—	154.23	156.65	158.43	157.74	127.64	172.64 (30/1)	150.59 (2/6)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	471.06	+0.4	9.62	5.95	15.17	15.85	469.18	478.24	480.01	480.45	402.65	523.40 (7/5)	404.67 (14/1)	555.37 (23/7/73)	84.68 (25/8/65)
45	Teas (8)	139.23	-0.7	30.26	8.51	4.48	4.33	138.30	137.58	137.85	137.83	101.01	142.43 (6/7)	117.89 (7/1)	142.43 (6/7/76)	59.72 (17/10/74)
46	Coppers (3)	214.39	-0.8	46.10	8.01	2.17	2.17	216.13	221.36	220.69	220.69	363.73	301.47 (7/1)	178.95 (5/4)	667.79 (15/7/75)	94.08 (29/4/62)
47	Mining Finance (11)	96.05	-1.3	10.86	5.22	10.36	10.29	94.78	95.84	96.75	98.16	124.08	119.77 (7/1)	86.18 (6/5)	175.90 (28/4/69)	66.31 (30/9/74)
48	Tins (8)	116.49	-0.1	11.05	7.78	13.57	12.88	116.56	117.96	117.39	118.83	90.51	119.14 (20/7)	86.09 (9/2)	125.43 (12/1/73)	64.83 (27/5/71)
49	Overseas Traders (13)	216.11	-0.2	15.76	4.50	8.24	8.23	215.58	219.22	220.04	219.36	205.41	264.47 (3/5)	217.63 (2/7)	264.47 (3/5/76)	97.37 (6/1/75)

	FIXED INTEREST	Tuesday, July 27 Index No.	Tuesday, July 27 Yield %	Monday July 26	Friday July 23	Thurs. July 22	Wed. July 21	Tuesday July 20	Monday July 19	Friday July 16	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.11	14.10	13.99	13.98	13.98	13.97	13.96	13.95	13.82	—	—	—	—
2	20-yr. Govt. Stocks (6)	48.33	13.46	48.15	48.84	49.11	48.92	49.15	49.17	49.20	50.86	53.45 (30/1)	47.56 (2/1)	115.42 (11/9/63)	38.27 (3/1/76)
3	20-yr. Red. Deb. & Loans (15)	50.56	14.62	50.62	50.80	50.82	50.82	50.82	50.66	50.39	47.77	52.40 (21/5)	46.68 (2/1)	113.45 (23/10/63)	37.01 (3/1/76)
4	Investment Trust Prefs. (15)	48.37	14.31	48.37	49.31	49.31	49.31	49.26	49.26	49.50	47.30	51.23 (18/2)	45.43 (7/6)	114.41 (13/9/63)	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	68.29	13.76	68.32	68.82	68.73	68.72	68.73	68.97	68.95	67.67	71.97 (2/2)	62.76 (2/1)	114.95 (7/10/63)	47.67 (6/1/75)

Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00
Engineering (Heavy)	31/12/71	153.84
Engineering (General)	31/12/71	153.84
Wines and Spirits	16/1/70	144.76
Toys and Games	16/1/70	135.72
Office Equipment	16/1/70	162.74
Industrial Group	31/12/70	128.20
Miscellaneous Financial	31/12/70	128.06
Food Manufacturing	29/12/67	114.13
Food Retailing	29/12/67	114.13
Insurance Brokers	29/12/67	96.67
Mining Finance	29/12/67	100.00
All Other	10/4/62	100.00

‡ Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 20p.

A record of the indices, cost £30, is obtainable from FT Business Enterprises 10, Bolt Court, London, EC4. It gives all group and sub-section indices at fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are also included.

CONSTITUENT CHANGE: British American Tobacco has been replaced by B.A.T. Industries (Tobaccos).

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
BAT Defd.	25p	15	213	+ 2	225	208
ICI	£1	13	353	+ 2	402	328
Barclays Bank	£1	11	265	−15	350	262
Hambro Life Ass.	25p	9	220	—	235	219
Nat'l. Westminster	£1	9	215	−10	290	205
P & O Defd.	£1	9	104	+ 3	119	87
RTZ	25p	9	207	+ 3	230	178
BP	£1	8	585	− 2	685	575
GEC	25p	8	150	—	168	142
Manbre & Garton	30p	8	172	+14	181	122
Ocean Transport	25p	8	134½	+ 2½	147½	126½
Shell Transport	25p	8	422	− 2	462	378
Burmah Oil	£1	7	43	—	53	31
GKN	£1	7	306	+ 3	360	266
Lloyds Bank	£1	7	207	−16	266	202

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

Option Report—3-month Call Rates

OPTION DEALING DATES

First Deal- ings	Last Deal- ings	Last Declara- tion	For Settle- ment
July 20	Aug. 2	Oct. 14	Oct. 26
Aug. 3	Aug. 16	Oct. 28	Nov. 9
Aug. 17	Aug. 31	Nov. 11	Nov. 23

"Calls" were dealt in Lonrho, F. J. Wallis, Interenropean Properties, Burmah Oil, Grand Metropolitan Warrants, Bridgend, English Card Clothing, National Westminster Bank Warrants, Argyle Securities, Rockware, Shell Transport, Leboff Fobel, Peachey Property and Atlantic Assets. A "put" was done in Berry Wiggins, while "doubles" were arranged in Grand Metropolitan Warrants and Burmah Oil.

Industrials	
A. P. Cement	15
Assoc. Leisure	3
Barclays Bank	22
Beecham	28
Boots Drug	12
Bowaters	16
B.A.T.	30
British Leyland	5
BOC Int.	5½
Burton 'A'	6½
Cadburys	5
Courtaulds	11
Debenhams	8
Distillers	13
Dunlop	7½
Eagle Star	11
E.M.I.	17
Gen. Accident	12
Gen. Electric	13
Glaxo	35
Grand Met	7
G.U.S. 'A'	16
Guardian	18
G.K.N.	26
Hawker Sidd.	35
House of Fraser	8
I.C.I.	20
"Imps"	7
I.C.L.	14
Inveresk	7
Legal & General	13
Ladbroke	11
Lloyds Bank	22
"Lofs"	4
"Mams"	7
Marks & Spencer	8
Midland Bank	22
Nat'l West Bank	20
"Do" Warrants	8½
P & O Dfd.	11
Plessey	7
R.H.M.	5
Rank Org. 'A'	18
Reed Int'l	23
Rothmans	4
Slater Walker	4
Spillers	4
Tesco	4
Thorn "A"	22
Tube Invest.	27
Unilever	38
Utd. Drapery	8
Vickers	15
Williams Hud'n	4
Woolworths	6
Property	
Brit. Land	3½
Cap. Counties	3
E. P.	5
Int. Europ.	7
Land Securities	14
MEPC	7
Peachey	3
Samuel Props.	4½
Town & City	2½
Oils	
Brit. Petroleum	40
Burmah Oil	4½
Shell	27
Ultramar	14
Mines	
Anglo-Amer.	50
Charter Cons.	15
Chart'll Fin.	4
Cons. Gold	15
De Beers Def.	35
F. S. Geduld	350
Great Boulder	12
Hampton Areas	12
Hampton Prop.	4
Rinol	100
Lonrho	9
Loraine	55
Poseidon	55
Pres. Steyn	200
Rio T. Zinc	17
Welkom	55
West Areas	40
Western M'ng.	18

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (12)

BUILDINGS (1): British Dredging

ELECTRICALS (1): Scholes (G. H.)

ENGINEERING (1): Martin (T.)

INDUSTRIALS (1): Whatman Reeve Angel

MOTORS (1): British Car Auction

NEWSPAPERS (1): Thomson

PROPERTY (2): Peachey; Winston Estates

TEAS (2): Assam Frontier; Central Province

MINES (2): FS Geduld; A. M. & S.

NEW LOWS (66)

BANKS (12): Bank Scotland; Barclays Bank; Credit Bk. France; First Nat. Fin.; Gillett Bros.; Hill Samuel Wrnts.; Hongkong Shanghai; Kleinwort Benson; Lloyds Bank; Wintrust; Cie Bancaire; Lloyds & Scottish

BUILDINGS (6): Erith; French Kier; Gough Cooper; Jarvis (J.); Johnson-Richards; Western Bros.

CHEMICALS (5): Akzo; Fisons; Hoechst; Lankro Chems; Stewart Plastics

STORES (5): Currys; Home Charm; Knott Mill; Martin News; Stanley (A. G.)

ELECTRICALS (2): Crellon; Petbow

ENGINEERING (5): Blackwood Hodge; Central Wagon; Jackson (J. & H. B.); Martonair; Victor Products

FOODS (1): Morrison (Wm.)

HOTELS (1): Borel (J.)

INDUSTRIALS (8): Bodycote Intnl.; Hollis Bros.; St.-Gobain; Sears; Sime Gorman; Talbex; Tilling (T.); Wilkes (J.)

INSURANCE (2): Sedgwick Forbes; Trade Indemnity

PAPER (1): Assoc. Paper 9½pcCnv.

TRUSTS (17): Alliance Inv.; American Tst.; Archimedes Inc.; Do. Cap.; Brit. Ind. & Gen.; Cap. & Nat. 'B'; City & Com. Cap.; Dualvest Cap.; Edin. Inv. Dfd.; Foreign & Col.; Gen. Scottish; Grange Tst.; Hill (P.); Inv. in Success; Ldn. & Aberdeen Pf.; Nthn. American; Sterling Tst.

OILS (1): Cie France Petroles

MONEY MARKET

Adequate credit supply

Bank of England Minimum Lending Rate 11½ per cent. (since May 21, 1976)

Day-to-day credit was in good supply in the London money market yesterday, and the authorities did not intervene. Banks carried forward surplus balances from Monday, and Government disbursements exceeded revenue payments to the Exchequer. On the other hand, there was a net market take-up of Treasury bills, an *increase in the note circulation*, and repayment of the previous day's official advances to the market.

Discount houses paid 10¾-11 per cent. for secured call loans in the early part and closing balances were taken at 10-10½ per cent.

In the interbank market overnight loans opened at 10¾-11 per cent., and eased to 10½-10¾ per cent., before falling to around 9½ per cent. in the afternoon, though up to *12* per cent. was paid in places at the close.

Short-term fixed period interest rates showed little change, but rates for periods of over six months were slightly firmer overall.

Rates in the table below are nominal in some cases.

July 27 1976	Sterling Certificates of deposits	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposits	Treasury bills ф	Bank Bills ф	Fine Trade Bills ф
Overnight	—	9½-12	—	—	—	11¼	10-11	—	—	—
2 days notice	—	—	11-11⅛	—	—	—	—	—	—	—
7 days or 7 days notice	—	10⅞-11½	11½	—	11¼-11⅝	—	10¾-10⅞	—	—	—
One month	11⅛-11⅟₁₆	11⅟₁₆-11⅛	11⅛-11¼	11½-10¾	11¼-11⅝	—	10¾-11	10¾-10⅞	11⅛-11⅛	11¾-11½
Two months	11¼-11⅛	11⅛-11⅛	—	11½-11	11⅝-11¾	—	10¾-10⅞	10⅟₁₆-10⅝	11⅟₁₆	11¾-11½
Three months	11⅝-11⅜	11⅝-11⅜	11¼	11½-11	11⅝-11¾	—	10¾	10⅝-10⅞	11⅛	11⅝-11½
Six months	11⅝-11⅟₁₆	11⅟₁₆-11⅟₁₆	11⅝	11¼-10¾	11⅞-12	—	—	—	11-10¾	11¾-11⅝
Nine months	11¾-11⅝	11⅝-11⅞	—	11⅞-11¼	11⅞-12	—	—	—	—	—
One year	11⅞-11¾	11¾-12⅛	12-12⅛	12-11½	11⅞-12⅛	—	—	—	—	—
Two years	—	—	12⅜-12⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 13-13¼ per cent.; four years 13¼-13½ per cent.; five years 13½-13¾ per cent. ф Bank bill rates in *table are buying rate for prime paper. Buying rates for four-month* bank bills 11 per cent.; *four-month trade bills* 11¼-11½ per cent. Approximate selling rate for one-month Treasury bills 10⅝-10¹⁹⁄₃₂ per cent.; two-month 10⅝ per cent.; and three month 10²⁷⁄₃₂-10¹⁵⁄₁₆ per cent. Approximate selling rate for one-month bank bills 11-10⁵¹⁄₃₂ per cent.; two-month 11-10³¹⁄₃₂ per cent.; and three-month 10³¹⁄₃₂-10¹⁵⁄₁₆ per cent.; one-month trade bills 11¼-11¼ per cent.; two-month 11½-11¼ per cent.; also three month 11½-11¼ per cent.

Finance House Base Rates (published by the Finance Houses Association) 11 per cent. from July 1, 1976. Clearing Bank Deposit Rate for small sums at seven days' notice 6½ per cent. Clearing Bank Base Rate for lending 10½ per cent. Treasury Bill average tender rate of discount 10.8674 per cent.

AUTHORISED UNIT TRUSTS

Bridge Talisman Fd. Mgrs.♥ (a)(c)
5-8, Mincing Lane, E.C.3. 01-623 4951

BT Income	175.0	189.0	-6.0	8.33
BT Capital Inc.	25.9	27.6	.....	4.19
BT Capital Acc.	28.0	28.8	.....	4.19
BT Exempt	87.0	93.0	.....	5.37
BT Intl. Inc.	13.3	14.2	.....	3.22
♦BT Inter'l Acc	13.8	14.7	.....	3.22

Prices on July 21. Next sub. day July 28.

The British Life Office Ltd.♥ (a)
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

BL British Life	39.8	42.1	-0.1	5.75
BL Balanced*	33.6	36.0	-1.1	6.12
BL Capital*	31.5	33.7	-0.8	5.95
BL Dividend*	33.3	35.6	-0.7	7.76

*Prices on July 28. Next dealing August 4.

Brown Shipley & Co. Ltd.♥(z)(c)
Mngrs: Founders Ct., EC2 01-600 8520

BS Units*	151.9	159.9	.....	5.85
Do. (Accum.)*	177.6	186.9	.....	5.05
BS Exempt June 30	94.5	99.5	.....	6.60

Prices on July 27. Next sub. day Aug. 3.

Canada Life Unit Tst. Mngrs. Ltd.♥
2-6 High St., Potters Bar, Herts. P. Bar 51122

Can. Gen Dist.	29.1	30.6	-0.1	4.79
Do. Gen. Accum.	33.7	35.5	-0.1	4.79
Do. Inc. Dist.	27.1	28.6	.....	8.63
Do. Inc. Accum.	31.7	33.4	.....	8.63

Capel (James) Mngt. Ltd.♥
100 Old Broad St., EC2N 1BQ 01-588 6010

Capital	60.8	64.0	.....	4.19
Income	54.9	57.8	.....	7.68

Prices on July 21. Next dealing August 4.

Carliol Unit Fd. Mgrs. Ltd.♥ (a)(c)
Milburn House, Newcastle-upon-Tyne 21165

Carliol	56.1	58.6	.....	3.80
Do. Accum. Units	63.6	66.1	.....	3.80
Do. High Yield	30.5	32.5	.....	9.36
Do. Accum. Units	33.0	35.0	.....	9.36

Next dealing July 28.

Charterhouse Japhet♥
1, Paternoster Row, EC4. 01-248 3999

C.J. Internat'l	23.4	25.0	.....	2.30
Accum. Units	26.2	28.0	.....	2.30
C.J. Income	29.6	31.6	.....	9.41

G.T. Unit Managers Ltd.♥
16, St. Martins-le-Grand, EC1. 01-600 8461

G.T. Cap. Inc.	59.3	63.1	-0.9	2.90
Do. Acc.	68.0	72.3	-1.2	2.90
G.T. Inc. Fd. Un.	104.7	111.3	-1.4	8.80
G.T. U.S. & Gen.	128.8	137.0	-0.4	1.80
G.T. Japan & Gen.	204.5	217.5	-2.8	1.10
♦G.T. Pens. Ex. Fd.	126.0	132.2	...	2.30
G.T. Int'l. Fund	91.9	97.7	-1.5	1.10

G. & A. Tst. (a) (G)
5, Rayleigh Rd., Brentwood. (0277) 227300

G. & A.	24.0	25.4	-0.2	5.64

Gartmore Fund Managers♥(a)(g)
2, St. Mary Axe, EC3A 8BP. 01-283 3531

(z)American Tst.	24.5	26.4	-0.1	2.76
British Tst. (Acc.)	34.2	36.8	.....	4.01
Capital Fund	115.6	123.7	-0.3	4.05
High Income Tst.	39.3	42.3	-0.1	10.21
Income Fund	48.6	52.3	-0.1	8.56
Ins. Agencies	£12.09	13.08	-0.02	4.05
Intl. Exempt Fd.	77.7	83.5	-0.2	6.80
(z)Int. Tst. (Acc.)	27.4	29.5	+0.1	2.58

Gibbs (Antony) Unit Tst. Mgs. Ltd.
23, Blomfield St., EC2M 7NL. 01-588 4111

(a) A.G. Income*	26.8	29.0	.....	11.00
(a) A.G. Growth††	22.7	24.3	-0.8	6.20
(a)A. G. Far East*	23.8	25.6	.....	0.30

Dealing *Tues. ††Wed.

Govett (John)♥
77, London Wall, E.C.2. 01-588 5620

Stockhlr. July 16	115.9	121.2	.....	1.73
Do. Accum. Unit	134.5	141.7	.....	1.73

Next dealing day July 30.

Grieveson Management Co. Ltd.
59 Gresham St., EC2P 2DS. 01-606 4433

Ba'ton July 21	163.6	171.4	.....	4.50
(Accum. Units)	169.4	177.4	.....	4.50
Bng.H.Yd July 22	124.1	130.0	.....	9.15
(Accum. Units)	127.1	133.1	.....	9.15
Endeavour July 27		161.8	169.5 +0.7	3.20
G'chtar. July 25	95.5	100.1	.....	2.92
Ln.Brs.July 21	66.2	69.2	.....	5.26

Guardian Royal Ex. Unit Mgrs. Ltd.
Royal Exchange, EC3P 3DN. 01-628 8011

(ag) Guardhill Tst.	66.2	69.6	-0.3	4.97

Henderson Administration
Premier U.T. Admin., Rayleigh Road, Brentwood, Essex. 0277 227300.

(g)Australian	40.5	44.0	+0.3	3.07
(g)Cap. Accum.	26.3	28.0	-0.1	4.47

L & C Unit Trust Management Ltd.♥
The Stock Exchange, EC2N 1HP. 01-588 2800

L&C Inc. Fd.	97.3	100.4	.....	8.96
L&C Intl & Gen Fd	85.2	87.9	.....	3.56

Lawson Securities Ltd. (a)(c)♥
63 George St., Edinburgh EH2 2JG 031-226 3911

‡Raw. Materials	25.3	27.5	.....	7.75
‡(Accum. Units)	25.3	27.5	.....	7.75
*Growth Fund	56.8	61.7	.....	3.84
*(Accum. Units)	59.0	64.1	.....	3.84
††Gilt and Warrant	27.0	29.4	-0.2	3.05
‡American Fd.	24.1	26.3	.....	1.30
‡Accum Units)	24.4	26.5	.....	1.30
**High Yield	38.3	41.6	.....	12.50
**(Accum. Units)	45.4	49.4	.....	12.50

Deal. ‡Mon. *Tues. ††Wed. ‡Thurs. **Fri.

Legal & General Tyndall Fund♥
18, Canynge Road, Bristol. 0272 32241

Dis. July 14	44.0	46.6	.....	6.40
(Accum. Units)	51.6	54.6	.....	6.40

Next sub. day Aug. 11.

Leonine Administration Ltd.
20 Throgmorton Street, EC2 2AN 01-236 1171

Leo Dist.	47.7	50.3	+0.3	7.87
Leo Accum.	49.4	52.0	+0.3	7.62

Lloyds Bk. Unit Tst. Mngrs. Ltd.♥(a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

First (Balncd.)	38.7	41.6	-0.1	5.07
Do. (Accum.)	49.6	53.3	-0.1	5.07
Second (Cap.)	40.7	43.7	-0.1	3.67
Do. (Accum.)	48.5	52.1	-0.1	3.67
Third (Income)	63.0	67.7	-0.2	7.01
Do. (Accum.)	78.4	84.2	-0.2	7.01
Fourth (ExInc.)	44.6	47.9	-0.2	9.14
Do. (Accum.)	45.3	48.7	-0.2	9.14

Lloyd's Life Unit Tst. Mngrs. Ltd.
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Equity Accum.	106.0	111.4	.....	5.61

London Wall♥(a)(g)
1, Finsbury Square, EC2A 1PD. 01-606 5811
Unit Dealing: 18, Canynge Rd., Bristol BS99 7UA. 0272 32241

Capital Priority	54.1	57.8	-0.6	5.43
Extra Inc. Growth	24.8	26.6	-0.2	10.02

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB. 01-600 4555

Merc. Gen. July 28	112.9	120.1	-7.3	5.58
Accts. Uts. July 28	136.7	145.4	-8.5	5.58
Merc. Int. July 28	65.7	69.9	-0.5	3.96
Acc. Uts. July 28	67.2	71.5	-0.5	3.96

Midland Bank Gp. Un. Tst. Mgrs. Ltd.♥(a)
Courtwood House, Silver Street Head, Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen.	43.3	46.6	+0.1	6.22
Do. Accum.	45.3	48.7	.....	6.22
Growth	32.4	34.5	-0.1	2.72
Do. Accum.	33.3	35.4	-0.1	2.72
Capital	22.4	23.8	-0.1	3.25
Do. Accum.	23.2	24.7	-0.1	3.25
Income	37.5	39.9	.....	6.41
Do. Accum.	38.5	41.0	.....	6.41
International	44.7	47.6	-0.2	2.34
Do. Accum.	46.0	49.0	-0.2	2.34

Minster Fund Managers Ltd.
Minster Hse., Arthur St., E.C.4. 01-623 1050

Minster Fund	26.5	28.1	.....	5.36
Do. Exempt	62.4	66.4	.....	5.90

MLA Unit Trust Mgemnt. Ltd.
Old Queen Street, SW1H 9JG. 01-930 7333.

MLA Units	24.7	25.9	-0.8	4.83

Mutual Unit Trust Managers♥(a)(g)
15, Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	37.3	40.3	-0.4	6.25
Mutual Inc. Tst.	49.3	52.7	-0.5	7.66
Mutual Blue Chip	34.8	38.0	-0.3	6.23
Mutual High Yld.	41.2	44.8	-0.4	9.95

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH 01-623 4200

N.P.I. Gth. Un. Tst.	—	—	.....	—
(Accum. Units)*	40.3	42.9	-1.6	4.29
Distribution Un.*	35.3	37.6	-1.4	4.29
NPI O'seas. Trust	—	—	.....	—
(Accum. Units)**	133.0	140.8	.....	3.61
Distr. Units**	129.5	137.1	.....	3.61

*Prices at July 28. Next dealing Aug. 11.
**Price at June 24. Next dealing day July 29.

National Westminster♥ (a)
41, Lothbury, EC2P 2BP 01-887 6044

Capital (Accum.)	53.4	57.8	+0.1	4.40
Income	28.8	30.7	.....	6.56
Financial	28.0	29.9	-0.2	5.06

INSURANCE, PROPERTY, BONDS

REGIONAL MARKETS

OFFSHORE AND OVERSEAS FUNDS

THEATRES (Cont)

CINEMAS

NOTES

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	1976 Low	Stock	£	+ or –	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
98⅝	98	Victory 4pc 1976‡‡	98	......	4.04	—
102⅜	99⅜	Treasury 10½pc 1976‡‡	99¹³⁄₁₆	......	10.52	10.84
98⅜	95⅜	Treasury 6¾pc 1977‡‡	97⅜	+⅛	6.43	11.02
97½	94½	Electric 3pc '74-77	96⅛	+¼	3.12	9.43
103⅜	92⅞	Treasury 11½pc '77‡‡	99⅞	+⅛	11.51	11.51
95⅛	91⅞	Treasury 3pc '77‡‡	94⅜	–⅛	3.19	7.36
95⅝	92¼	Transport 4pc '72-77	94½	+¼	4.24	8.33
99⅜	90½	Treasury 9pc 1978‡‡	96	+⅛	9.37	11.72
101½	97	Treasury 10½pc '78‡‡	98½	+⅛	10.66	11.36
93⅛	89⅝	Exchequer 5pc '76-78‡‡	91¾	+¼	5.45	9.27
103⅜	97⅞	Treasury 11½pc '79‡‡	99⅜	+⅛	11.56	11.72
88⅞	83⅝	Treasury 3pc '79‡‡	86¼	......	3.49	8.03
89⅞	73⅞	Electric 4½pc '74-79	87	......	4.88	9.05
100⅜	94⅞	Treasury 10½pc '79‡‡	96⅜	+¼	10.90	11.65
88¾	85⅝	Electric 3½pc '76-79	86¼	......	4.06	8.33
96⅞	90¼	Treasury 9pc 1980‡‡	92⅞	+⅛	9.79	11.62
96½	91¼	Treasury 9½pc '80‡‡	92⅜	+¼	10.29	12.06
86½	82¼	Treasury 3½pc '77-80	84⅞	+⅛	4.12	8.11
89½	71	Funding 5½pc '78-80‡‡	87⅛	+⅛	6.03	9.27
105⅜	96⅜	Treasury 11½pc 1981‡‡	98⅜	+⅛	11.69	11.95
86	79	Treasury 3½pc 1979-81	83¼xd	+⅛	4.21	7.99
95⅝	90⅛	Treasury 9¾pc 1981‡‡	91⅜	+⅛	10.68	12.22
Five to Fifteen Years						
94⅛	85	Treasury 8½pc '80-82‡‡	87⅞	+¼	9.76	11.76
107¼	99⅜	Treasury 12pc 1983‡‡	102	+¼	12.29	12.52
81⅛	73¼	Funding 5½pc '82-84‡‡	75⅞	+¼	7.27	10.23
87⅜	79⅜	Treasury 8½pc '84-86‡‡	81⅛	+¼	10.53	11.85
74⅞	67⅛	Funding 6½pc '85-87‡‡	69¼	+¼	9.60	11.89
77⅝	71	Treasury 7¾pc '85-88‡‡	71½xd	+¼	10.84	12.49
51¼	45⅝	Transport 3pc '78-88	48¼	+¼	6.25	10.23
59¼	52¾	Treasury 5pc '86-89	54¼	+¼	9.38	12.18
103¾	93¾	Treasury 13pc 1990‡‡	94⅞	+¼	13.84	14.01
75⅞	68	Treasury 8¼pc '87-90‡‡	69½	+¼	12.04	13.25
60	53½	Funding 5¾pc '87-91‡‡	55	+¼	10.81	12.94

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 38¾% (based on $1.7810 per £)

Conversion factor 0.7229 (0.7226)

CANADIANS

[illegible]

S.E. List Premium 38¾% (based on $1.7358 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE

PROPERTY—Continued

TRUSTS—Continued

TRUSTS—Continued

MINES—Continued

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

COPPER

85	42	Botswana RST R2	58	......	—	—	—
335	170	Messina R0.50	230	+10	†Q35c	1.9	9.8

MISCELLANEOUS

10	8	Burma Mines 17½p.	8½	......	0.1	ϕ	2.0
39½	23	Charterhall 5p	27½	......	—	—	—
990	580	Cons. Murch. 10c	800	......	†Q80c	1.8	6.5
55	28	Laurasia	32	......	—	—	—
455	245	Northgate C$1	325	......	—	—	—
239	178	R.T.Z.	207	+3	5.42	2.1	4.0
112	83	Sabina Inds. C$1	90	......	—	—	—
£15⅞	£10	Tara Expln. $1	£15 1/16	−1/16	—	—	—
45	32½	Tehidy Minerals 10p	45	......	h1.08	ϕ	3.7
145	84	Yukon Cons. C$1	137	−3	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ǂ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ǂ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ Excluding a final dividend declaration.
- ✣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 31

FINANCIAL TIMES
Wednesday July 28 1976

OECD disputes U.K. growth forecast

BY REGINALD DALE, EUROPEAN EDITOR — PARIS, July 27.

THE WESTERN efforts to achieve a moderate but sustained economic recovery are roughly on course, according to the Paris-based Organisation for Economic Co-operation and Development in its latest six-monthly economic outlook, published here to-day.

But the organisation predicts only a "modest pick-up" of activity in the U.K. in the next 12 months and disagrees with the Government's latest forecast of an annual growth rate of 4.5 per cent. from the first half of 1976 to second half of 1977.

It suggests the British growth rate is likely to reach an annual rate of only 3.5 per cent. in the first half of next year.

The OECD also forecasts a lower increase in British industrial output—nearly 6 per cent. in the first half of next year compared with 8 per cent. forecast by the Treasury.

The Government's forecasts were revised in the light of last week's public expenditure cuts. The OECD sees no need to alter its figures, however, they cover the period up to mid-1977. The cuts will only start to bite next April.

Slow down

The OECD forecasts that expansion for the 18-nation OECD area as a whole, running at 6.5 per cent. in the first half of this year, may slow down to 5 per cent. in the 12 months to mid-1977.

Mr. John Fay head of the organisation's economic department, told a Press conference that if the predictions were right the world could witness the rare event of a recovery decelerating at an early stage and then continuing at a lower rate "in a determined manner."

The organisation says prospects for the sustained recovery still depend on governments accepting the need for cautious expansionary policies, implying that unemployment will continue to remain higher than desirable for some time.

The organisation puts average annual growth from 1975 to 1980 at 5.5 per cent., with a 4 per cent. potential unemployment figure for the area as a whole in 1980.

The organisation warns that there is no ground for complacency on the prices front, with the prospect of a slight re-acceleration in consumer prices back to an average 8 per cent. in the next 12 months.

Dangers include a renewed surge in commodity prices caused by speculative stockpiling and an excessive increase in business profits. Cautious monetary management could reduce these risks.

Mr. Fay said the evidence was against recent suggestions that the recovery was in danger of fizzling out over the summer holidays. The signs were that in the four countries leading the recovery, the U.S., Japan, Germany and France, private consumption would remain fairly strong and fixed investment start to expand.

The section on the U.K. predicts that the annual rate of increase in consumer prices could be brought down to 7.5 per cent. in the second quarter of 1977—assuming no further changes in the exchange rate and a slowdown in the trend of unit labour costs at the beginning of next year.

The organisation contests the growth rate predicted by Mr. Denis Healey, on the grounds that he has overestimated both the likely expansion of world trade and the level of private consumption in Britain.

In London the official view is understood to be that the organisation has not taken sufficient account of the impact on consumer spending of the forthcoming tax rebate and that it has underestimated the likely unwinding of the savings ratio.

Overestimated

It is also thought that the organisation's calculations have overestimated the likely growth of imports and underestimated exports.

The organisation says U.K. manufacturing investment should rise after the middle of this year, reaching an annual growth rate of 20 per cent. in the first half of 1977, still some 13 per cent below the peak for the 1970s. Real disposable income is expected to fall slightly more than 2 per cent. in the 18 months to mid-1977.

British merchandise exports could grow at an annual rate of more than 8 per cent. between now and mid-1977, with a smaller increase in imports. The current deficit could come down to about $2.5bn. in 1976.

The current external deficit for OECD as a whole this year may be $20bn. and could be at much the same annual rate in the first half of 1977. Increased oil imports could raise the current account surplus of the OPEC countries by $10bn. to $50bn., while the deficit of the non-oil producing developing countries should be reduced.

The OECD should move back into surplus towards the end of the decade, economists here predict.

Report, Page 4

British Gas will seek 10% rise in October

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH GAS, which has returned to profitable trading after two years of losses, will be seeking a price increase of about 10 per cent. in October.

Mr. Denis Rooke, the new chairman, said that the corporation would prefer to see a bigger increase, to strengthen its financial base, but a 10 per cent. rise was about the maximum it could expect under the new Price Commission rules.

Although British Gas would be seeking the maximum allowable increase it would still remain in a strong competitive position, he added.

The corporaiton made a net profit, after interest and taxation, of £25.1m. in the past financial year on a turnover of £1.56bn. compared with a £42.3m. loss in the previous year.

Reserves increased from £59m. to £84m. but this is still far short of the corporation's target. It is planning to build up reserves of about £500m. by 1980, providing the Government's future pricing policies enable the undertaking to make satisfactory profits.

"People want gas and are prepared to pay a reasonable price for it," said Mr. Rooke. "There is, therefore, absolutely no reason why British Gas should not be self-financing, thus reducing the public sector borrowing requirement."

The corporation had accepted the £22m. capital spending cut, as part of the public spending review, as necessary in the national interest. But Mr. Rooke argued that it would be illogical if the energy industries continued to be constrained at a time when manufacturing industry was being encouraged to expand. The result could be energy "bottlenecks."

Rejoinder

Capital spending is expected to exceed £1bn. between this year and 1980. Gas sales should rise from 13.4bn. therms to about 18bn. therms in the same period. In 1980 the net effect of North Sea gas on the overall balance of payments could be £4m.

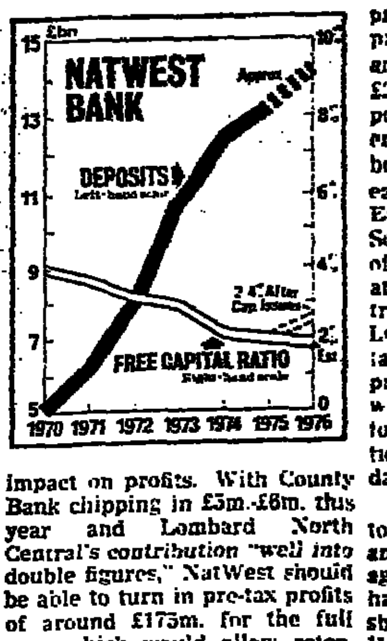
"That alone is sufficient justification for everything that the gas industry has done over the past 10 years," said Mr. Rooke. The comment was an implied rejoinder to the critics of British Gas who have claimed that the corporation is exploiting reserves too quickly and charging inadequate prices.

Details Page 7

THE LEX COLUMN

NatWest makes its play

Index rose 2.0 to 372.7



National Westminster's long-awaited rights issue could have been better timed, coming as it did on a day when the stock market's current malaise was demonstrated by news of two new issue flops. As it is the bank is going for less than many had expected, raising £65.6m. with a one for five against Midland's and Lloyds' earlier one for four rights issues. In addition, NatWest has differed from the other two by increasing its dividend an extra 10 per cent. (costing £3¼m. in a full year) thereby boosting its yield from 5.8 per cent. to 7.3 per cent. where it is now roughly in line with that of Midland.

Together with last month's $50m. Eurobond issue, NatWest has now raised £94.5m. since the start of the year and on its calculations, which treat deferred tax as a capital item, has boosted its hypothetical free capital ratio (only the Bank of England is privy to the actual ratio) from 2.7 per cent. to 3.4 per cent. With a 5-10 per cent. deposit growth this year it feels that its balance sheet is now in a "comfortable position" for the next two to three years. However, a return to the deposit growth rates seen in 1972-73 could theoretically wipe out the benefits of the recent capital issue in a far shorter period.

The rights issue has pushed NatWest's free capital ratio slightly above the clearing bank average but it is still not clear how the bank intends to finance its large capital spending commitments which amounted to £195m. in the last balance sheet.

It will be relying heavily on sharply increased retentions in the current year and here the outlook is promising. The 10.9 per cent. rise in trading surplus is slightly disappointing in the light of Lloyds' and Midland's recent experience and could simply be accounted for by an £8m. turnaround at Lombard North Central. However, the absence—at last—of additional special property provisions has the effect of boosting NatWest's pre-tax profits by 50 per cent. to £80.1m. And the bank seems pretty confident that the worst is now over on the property front.

The reliance on wholesale funds has been reduced from 30 per cent. to just under 25 per cent. of total deposits and no real pressure on margins is expected until the first half of 1977 at the earliest. Consequently, any increase in lending volume should have a powerful impact on profits. With County Bank chipping in £5m.-£6m. this year and Lombard North Central's contribution "well into double figures," NatWest should be able to turn in pre-tax profits of around £175m. for the full year which would allow retentions to rise from £38m. to £60m.

Taylor Woodrow

Taylor Woodrow's interim profits—up £1.4m. to £6.7m.—confirm that the group is probably going to make around £19m. pre-tax this year, against £14.8m. Thus earnings on average capital could emerge at around 35p a share—which still leaves a market capitalisation of £48m. at 254p looking fully valued despite the marked share price weakness seen in the construction sector since the turn of the year. TW's yield is 4.2 per cent., covered over five times and the highest of the four majors. But the prospective p/e is around 7¼.

TW's profits growth still depends on overseas work and exchange profits for the half-year totalled £1m. Australia is relatively flat but Monarch in Canada is moving steadily forwards to judge by the minorities, and Nigeria and the Middle East are still growing strongly: group orders currently total £552m. of which some 45 per cent. applies to overseas contracts. TW can probably keep earnings pointing upwards in 1977; and meantime the balance-sheet is as solid as a rock.

Grindlays

At last there is some good news from Grindlays Bank. In the first half of 1975 it produced pre-tax losses of £10.5m. after disclosed provi... £19.5m., substantially ... Brandts. There ha... further, undisclosed, ... provisions this time: th... provision has been ... and as expected the ... £2.7m. book loss on ... posals. All the sam... emerge at £11.8m. pre-... better geographic s... earnings, notably in th... East, has lowered the ... So there are attributab... of £4.1m., which almo... ates the bank's defici... tributable reserves — ... London operation is no... tax free profits. Th... pushed Grindlays ... which owns 51 per cen... to 42p and a market c... tion of just over £14r... day

Of course there is a ... to go yet. The bank's ... amount to a little o... against a capital base ... half of which consists ... short-term subordinat... Holdings does not yet ... financial muscle to ... significant contributio... improving this imbala... now that the London c... are no longer a financ... Grindlays and the m... afford to be a lit... relaxed about the timi... next phase of the r... programme.

NEB/Twinlock

A year ago the ch... Twinlock expressed ... mitment to a "prof... planned mixed econo... he was not then thinl... approach to the NEB ... of new equity repre... third of the enlarge... This seems to be l... result of bidding too ... a not very profitable ... ahead of a recession, ... cing it with expensive ... upshot was a swi... 1975, leaving n... which have cut r... down to around £4m. ... with debt of £7m. ... mostly of a fixed ter... But the group i... decent returns in the ... retains sizeable marke... the office equipment b... private sector rescue ... been hampered by its ... tutional shareholding ... probably came a bit ... for the Equity Bank ... circumstances the NE... vention probably ma... for all concerned.

NEB seeks 33⅓% stake in Twinlock

BY MARGARET REID

THE NATIONAL Enterprise Board is putting up £1m. to take a one-third stake in Twinlock, the office equipment concern, which has suffered a swing from profit into heavy losses in the past year, the first after its acquisition of The Shannon company.

This new move by the NEB, the Labour Government's medium for State shareholdings in industry, comes only a few days after its £2m. injection of cash last week to acquire a 53.93 per cent. interest in Data Recording Instrument.

The deal with Twinlock, which lost £698,000 before tax in the year to February 27, compared with a £1m. profit in 1974-75 before its take-over of The Shannon, is the Enterprise Board's first acquisition of a holding, other than one it inherited, in a company with a wide range of investors. (Data Recording's only other shareholders are Grundy (Teddington) and the Naional Research and Development Corporation.)

Twinlock's shares are not quoted on the Stock Exchange, but an over-the-counter market in them is conducted by M. J. H. Nightingale. In late dealings last night the price was 14p—the price at which the NEB is taking up new shares, compared with 17p previously and a range this year of 15p and 36p.

A spokesman for the NEB said last night: "We think it's worth putting money into this company so that it can get back to the growth path it was on before 1975-76."

After its sizeable 1975-76 loss, Twinlock is not paying a dividend. The company has also had to make a gross provision of £1m. against the decline in the value of some of its properties. All this, together with the loss, has meant a substantial reduction in its capital and reserves.

County Bank, which has been acting for Twinlock since March, has advised Twinlock, whose borrowings are somewhat over £7m., to raise additional capital by an issue of shares. The NEB was approached, and agreed, on certain conditions, to subscribe for 7.12m. new shares at 14p a share to produce some £1m., gaining a one-third holding in the enlarged Twinlock capital.

A spokesman for County Bank was asked yesterday whether it would have applied, had it been in operation, to the newly formed "equity bank," Equity Capital for Industry, whose typical operation has been envisaged as backing of about £1m. for concerns with temporary setbacks. He replied: "Yes, we would have given every opportunity for the 'equity bank' to look at this."

The planned NEB investment is to be put in September to shareholders of Twinlock, in which 38½ per cent. of the shares are held by the founding families, including the Stones and Huttons; Mr. Robert Hutton is chairman. Some 15 per cent. is owned by institutions, including Prudential Assurance.

Conditions of the NEB investment are the Board's recommendation, the appointment to the Board of two directors nominated by the NEB, confirmation of the adequacy of available banking facilities, confirmation that there will be no reference to the Monopolies Commission, and completion by September 30.

NEB PORTFOLIO

Company	Percentage of equity
British Leyland	95
Rolls-Royce (1971)	100
Brown Boveri Kent	17.7
Dunford and Elliott	2.6
Ferranti	62.5
Alfred Herbert	100
Cambridge Instruments	28.2
International Computers	24.2
Anglo-Venezuelan Railway Corporation	35
Data Recording Instrument	53.93

Rank Xerox wins management contest

By Michael Dixon

RANK XEROX last night won the 1976 national management championship, which started in January with a record entry of 946 teams.

After a day-long final in London, Rank Xerox emerged from the computer-based contest with an accumulated profit of £9.4m. Gulf Oil was second with £8.6m.; Conoco third with £7.7m.; and the ammunition division of IMI fourth with £7.3m.

The winning team — Mr. John Chappell and two unrelated colleagues both called Paul Webb, members of their company's corporate planning and accounting departments—received the £500 first prize from Mr. M. H. Fisher, editor of the Financial Times.

Next year the top prize, will be doubled to £1,000, Mr. Fisher said.

Dublin date

The contest was the seventh National Management Game in the annual series sponsored by the Financial Times, ICL, and the Institute of Chartered Accountants in England and Wales. The CBI and the Institute of Directors are associate sponsors.

The winners have been invited to represent the U.K. in an international competition to be played in Dublin during September.

The four-strong Gulf Oil team included two players who had been flown to London from the U.S. for the final.

Mrs. Susan Parsons was in England for the game's earlier stages, which are played by post, but was moved by Gulf to Houston, to work as a project analyst in May. But Mr. John Elder, a strategic planner, has been based all along in Pittsburgh, taking part in the team's deliberations by telephone and Telex.

Franjieh accepts Syrian peace plan for Lebanon

BY LOUIS FARES — DAMASCUS, July 27.

PRESIDENT Suleiman Fanjieh, Lebanon's titular head of state, has agreed to the essentials of a peace plan worked out between President Assad of Syria and Palestinian representatives here.

To-day Colonel Mohammed Khouli, head of the Syrian Army intelligence, returned to Damascus by helicopter from his special mission to Lebanon accompanied by Mr. Karim Bakradouni, a prominent Christian Maronite politician and a member of the Phalange Party Politbureau. Col. Khouli met Mr. Franjieh in the presence of other Christian leaders and Mr. Hassan Sabri el Kholi, the Arab League's special envoy.

According to reliable sources here, President Franjieh approved the accord with one important reservation. He insisted that the joint Arab peace-keeping force should not only act as an observer, but should also intervene against either side violating the ceasefire.

This reservation should not prove an obstacle because this is already provided for in the agreement.

Guarantee

Equally important from the Christian point of view, however, would be the assurance given by President Assad. Mr Bakradouni has made it clear that the Syrian head of state had guaranteed that "the presence of the Syrian Army in Lebanon was not negotiable."

A delegation led by Mr. Farouk Khaddoumi, head of the Palestine Liberation Organisation's political department, drove back to Beirut to-day to brief the guerilla leadership and the Lebanese Left on the Damascus talks with Mr. Abdel Halim Khaddam, the Syrian Foreign Minister.

The accord has already been approved by the PLO leadership, according to sources in the guerilla movement. An official announcement is expected to be made during the visit here of Mr. Yassir Arafat, the chairman of the PLO, who is expected in Damascus in the next day or so.

To keep out

The PLO has undertaken to refrain from interfering in Lebanon's domestic affairs, although the Christian Right-wing group appear to have agreed that it should be free to continue operations against Israel from the border area. It is not clear, however, whether the 1960 Cairo Accord, which governed the PLO presence in the country, is to be reconstituted in full.

As reported yesterday, President Assad and Mr. Arafat will decide when a ceasefire comes into force. When it is announced, a multilateral committee including representatives of the PLO and the warring factions will be established to supervise the ceasefire. It will be headed by Mr. Mahmoud Riad, Secretary-General of the Arab League, or by a person appointed by him.

Talks on the details of a political settlement will then take place on a round-table basis presided over by Mr. Elias Sarkis, the President-elect who is to succeed Mr. Franjieh in September. The plan is that he should bring about the formation of a government of national union on the basis of the constitutional reforms announced by Mr. Franjieh in February.

Successful evacuation Page 5

MPs to see Dell on Lonrho

BY MARGARET REID

LABOUR MPs are to meet Mr. Edmund Dell, the Trade Secretary, to-night to discuss the recent Department of Trade inspectors' report on Lonrho, which was sharply critical of several directors, including Mr. Roland "Tiny" Rowland, the chief executive.

A session of the Parliamentary Labour Party's Trade Group, chaired by Mr. Ioan Evans (Aberdare), will provide the context for the talk. The meeting has been called because a number of Labour MPs want to raise questions on the report about Lonrho, the mining and industrial group with African interests which Mr. Edward Heath described in 1973 as "the unacceptable face of capitalism."

Mr. Dell disclosed yesterday that a conference of those who had in recent years acted as his Department's inspectors for company inquiries would be held in the autumn to discuss procedures in investigations, and consider what changes might be made. A similar conference was held two years ago.

He was replying to a letter in which Mr. Nicholas Goodison, chairman of the Stock Exchange, suggested that future inspectors be limited strictly to establishment and recital of facts, and that inquiries should be speeded.

Mr. Dell said he "did not say there was no room for improvements," and that he promised careful study of suggestions made in recent weeks. But he remarked that the borderline between fact and opinion might not always be clear, and that he wished to avoid placing restrictions which would inhibit inspectors from bringing out all relevant matters.

He himself was "concerned to reduce the time scale of inspections," though he added that time was needed for procedures to ensure fairness to witnesses.

He would not rule out appointing solicitors as an alternative to QCs in appropriate cases, although "if major company inspections are to carry weight they must be conducted by persons of eminence in their own profession." Mr. Dell also welcomed Mr. Goodison's views on the importance of the system of company inspections, and his "constructive suggestions."

Lord Shawcross calls for Changes, Letters Page 29

Weather

U.K. TO-DAY

SUNNY spells. Showers later in E areas.

London, Midlands, Channel Is. S.E., S.W. and Cent. England, S. Wales
Sunny spells. Wind NW, light or moderate. Max. 23-24C (73-75F).

E Anglia and N.E. England
Sunny intervals, showers later. Wind NW, light or moderate. Max. 21c (70F).

N. Wales, N.W. England, Lakes, Isle of Man, S.W. Scotland, Glasgow, Argyle, N. Ireland
Mostly dry, sunny intervals. Wind N. or N.W., light or moderate. Max. 19C (66F).

Borders, Cent. Highlands, Moray Firth, Aberdeen, Edinburgh, Dundee
Scattered showers, bright spells. Wind N.W., moderate or fresh. Max. 18C (64F).

Orkney, Shetland, N.W. and N.E. Scotland
Showers, bright spells. Wind N. or N.W., moderate or fresh. Max 14-15C (57-59F).

Outlook: Mostly dry, sunny intervals.

Lighting-up: London 21.25, Manchester 21.43, Glasgow 22.02, Belfast 22.03.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amstrdm.	C	19	66	Manchstr.	C	17	63
Athens	S	28	82	Melbourne	F	9	48
Barcelona	S	26	79	Mexico C.	S	20	68
Belfast	F	17	63	Milan	F	22	72
Belgrade	S	26	79	Montreal	C	24	75
Berlin	S	24	75	Moscow	S	27	81
Birmghm.	F	22	72	Munich	R	15	59
Bristol	F	24	75	Newcastle	F	18	64
Brussels	F	19	66	New York	S	27	81
Budapest	F	23	73	Oslo	F	22	72
B. Aires	C	14	57	Paris	S	23	73
Cairo	S	35	95	Perth	S	14	57
Cardiff	S	24	75	Prague	C	22	72
Cologne	S	20	68	Reykjavik	F	11	52
Copnhgn.	S	21	70	Rio de J'o	S	29	84
Dublin	C	17	63	Rome	F	27	81
Edinburgh	F	20	68	Singapore	C	30	86
Frankfurt	S	24	75	Stockholm	F	20	68
Geneva	F	19	66	Strasbourg	C	18	64
Glasgow	S	17	63	Sydney	C	13	55
Helsinki	C	17	63	Tehran	S	35	95
Hong Kg.	R	27	81	Tel Aviv	S	28	82
Jo'burg	S	21	70	Tokyo	S	31	88
Lisbon	S	25	77	Toronto	S	25	77
London	F	23	73	Vienna	S	22	72
Luxembrg.	S	21	70	Warsaw	F	25	77
Madrid	S	28	82	Zurich	C	16	61

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	F	24	75	Jersey	F	22	72
Algiers	S	28	82	Las Plms.	S	26	79
Biarritz	S	23	73	Locarno	F	24	75
Blackpool	C	16	61	Majorca	S	28	82
Bordeaux	F	24	75	Malaga	S	25	77
Boulogne	F	19	66	Malta	S	27	81
Casablnca.	F	25	77	Nairobi	S	23	73
Cape Tn.	C	16	61	Naples	F	25	77
Corfu	F	27	81	Nassau	C	31	88
Dubrovnik	F	26	79	Nice	F	24	75
Faro	S	26	79	Nicosia	S	29	84
Florence	F	25	77	Oporto	S	23	73
Funchal	F	20	68	Salzburg	R	13	55
Gibraltar	S	24	75	Tangier	F	24	75
Guernsey	S	21	70	Tenerife	S	21	70
Innsbruck	C	15	59	Tunis	F	29	84
Inverness	F	19	66	Valencia	F	27	81
Is. of Man	C	16	61	Venice	C	23	73
Istanbul	F	25	77				

S—Sunny. F—Fair. C—Cloudy. R—Rain.

Continued from Page 1

Finance

malise rather than prevent short-term interference in their operations. It has also aroused criticism from civil servants, particularly in the Treasury and the Industry Department, who say that what is needed is a return to an arm's-length relationship as proposed in the 1967 White Paper, and not a new initiative.

Nevertheless, NEDO seems to be getting some support from the Prime Minister, and in view of the importance of the nationalised industries in the country's economy is likely to press ahead with its views.

To-day's background paper, the first of a number planned, does not go into structural questions. But it does show how chaotic the financial situation has become in the nationalised industries.

Among the points it brings out are:

First, lack of logic behind the financial structures. The National Bus and National Freight corporations, for example, have over 100 per cent. debt financing, compared with 47 per cent. for British Rail.

Second, the degree to which successive Governments have reacted in ad hoc ways to the particular crises forced upon them at any one time. In the 12 years to the end of 1974 about £2.7bn. capital debt has been written off in five big corporations, and there has been a continuing rise in capital transfers.

Third, the degree to which finances of most of the big corporations have deteriorated under joint pressures of inflation and Government intervention on pricing. None has achieved the rate-of-return target set for more than a few years.

Fourth, the peculiarities of individual accounting make it virtually impossible either to analyse the relative efficiency of the public corporations or calculate the true degree of Government subsidy and support which they receive in the form of exchange rate guarantees, capital write-offs and direct subsidy.

Financial Analysis of Nationalised Industries, available from NEDO, price £6.

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